

News Summary

RAIL
eeper
rael
illback
ught

Israeli Government yesterday decided to continue the talks with the U.S. on a settlement, despite what was the failure of Mrs. Golda Meir's talks with U.S. Assistant Secretary of State Joseph Sisco.

Meir reported to the talks yesterday, reliable Jerusalem sources had emerged that the Israeli Government was not prepared to give military control of half of Sinai as part of a settlement.

lat warns
Cairo, President Sadat Washington to defend its position on the Middle East, referring to Mr. Sisco's visit, he said that since it was obvious Israel was not on expansion, the position by the U.S. split the peace and the situation must be by the end of this year, by peace—or by war.

zzing' claims
Airline Pilots' Association expressed concern at "many" involving military in close proximity to airlines—especially in the corridors over Germany—said BALPA spokesman Gordon Hurley, it was difficult to tell whether any intentions were deliberate.

er-timers
of Lords select committee of ways of streamlining procedure has proposed a series of special clocks to show how long peers have been in the House.

yby tour ends
African rugby team left for home last night after a tour that left 700 arrested because of anti-apartheid protests and doubts the Springbok cricket tour would last for this year will end.

yacht in front
owned "American Eagle" leading the Fastnet Race—the Admiral's Cup and the triple points—when the German yacht was being sailed by Sennen's Regatta.

enny...
by boy, 12 hours old, was wrapped in a woman's gown and a polythene in a dustbin outside a house in East London.

German soldier fired
at West Germany near Bad Reichenberg. The bullet hit a boy, but no one was hurt.

has set up a committee
to a world-wide campaign to protect Babylon, including various banyan gardens.

BUSINESS
Davies
warned
on UCS
orders

NEW CLYDEBANK COMPANY planned by the Government to replace Upper Clyde Shipbuilders may find itself without work unless orders for ships not yet started are renegotiated soon.

LOCKHEED chairman Daniel Haughey expects to be able to complete talks on the RB-211 engine contract by August 24, the extended deadline set by London.

NALGO
says Yes
to Europe

NALGO LEADERS have reversed the union's previous decision to oppose entry to the Common Market and have come out strongly in favour.

OVERSEAS CONTAINERS shipping consortium expects a profit for the first time next year (starting October) in its Europe-Australia trade despite disappointment in the recent northbound freight rate falls.

Shaw Savill Line and Sitar Line are to merge their marketing and sales interests for Europe, Australia-New Zealand operations.

THF peace
bid to-day

TRUST HOUSES FORTE Boardroom dispute may be patched to-day at a meeting of the Council of the Trustees who hold the voting control of THF.

SOVIET UNION and its Common partners have agreed on a plan for economic integration during the next 15 to 20 years.

Paris debt
repayment

FRANCE is to pay off today the remaining \$600m. of its IMF debt incurred after the franc was devalued. Reports in Paris that the repayment includes \$191m. in gold suggest France's policy of converting part of its dollar surplus into gold may have reversed.

INSURANCE SALARIES have risen by an average of 11.5 per cent between January and June compared with a rise of only 10.3 per cent in the previous 11 months, reports Lloyd Executive Selection.

Swan Hunter men stay out despite stewards' plea

BY MICHAEL HAND, LABOUR CORRESPONDENT

The national executive of the General and Municipal Workers' Union is expected to meet to-day to consider giving official support to its 2,800 members at Swan Hunter's five shipbuilding yards on Tyneside who have been on strike for the past week.

This follows yesterday's close decision by a mass meeting at Wallsend to continue the strike, which has kept the yards idle since last Monday and has put another 7,500 men out of work.

Just over 1,000 GMWU members were at the meeting, less than half the total number on strike, and only 879 voted in a ballot on a peace formula which had the unanimous support of their shop stewards and union officials. It was nevertheless rejected by 462 votes to 417.

A risk
The strikers did not stop work until their pay claim had been taken through all the stages of the negotiating machinery, and although the management's latest offer has been recommended for acceptance by full-time officials and stewards, the men are looking to the union's executive to support their action and to sanction the payment of 15-week strike benefits.

The GMWU leaders will be uneasily aware that if they fail to make the strike official they will run the risk of mass defections by their shipyard members in the North-East.

Yesterday's decision came as a shock to the Swan Hunter management following the wholehearted endorsement of its offer by the shop stewards. Mr. Tom Melver, joint managing director, said last night: "We feel the company has done everything possible to achieve a settlement. I don't really see what more we can do. The company has bent over backwards to try to get the men back to work, and we have gone a long way towards meeting their claim."

Unless there are some new developments in the next day or so, and this cannot be ruled out, the company will face at least a two-week closure, because there are no plans at present to have a further mass meeting before Friday, by which time the men will have been out for a fortnight.

They stopped work in support of their claim for a rate of £21.40 a week for men working in the top grade. This would give the GMWU workers in the five shipyards pay parity with men doing similar work in nearby ship repair yards.

When the strike started the management was offering a top rate of £20.17, but in talks which ended early last Wednesday this figure was raised to £20.60 as part of a new long-term agreement under which there would be further increases to £21.50 in January and to £22.50 in January 1972.

The reaction of the shop stewards was that they were hopeful that the men would call off the strike if the management would agree to a further small improvement. As a result, just before a mass meeting on Friday, the management agreed to negotiations with Mr. Tom Baker, GMWU national shipbuilding official, to round up the figure to £21, £22 and £23 respectively, provided work was resumed immediately.

Anxiety
The first is his belief now that perhaps he went too far in his speech at Labour's special conference last month when he not only criticised the entry terms but gave the impression that he thought there was little good to be said of the European

economic Community as an institution. Linked with this is the fact that Mr. Wilson knows that anti-Market forces in the Labour Party will soon try to extract a pledge from him that if Britain joins the EEC in January 1973, then the next Labour Government would pull Britain out.

The main private anxiety of many anti-Market forces is that they will not only fail to prevent Parliament agreeing to British entry, but that their attempts to frustrate the Government's essential Common Market legislation in Parliament next year will also founder.

They are therefore planning to put all their efforts into pinning down the Labour Party leadership, if they can, to a commitment to "pull out".

When Mr. Wilson was questioned recently on his attitude towards such moves, he stressed that neither he nor his party had a public policy on his point. He said it was a difficult question but he gave the impression that he would be in favour of a Labour Government doing its best to make the EEC work and to improve it.

His view is understood to be that once Britain is in the Market it would be impossible to turn the clock back.

For one thing, all Britain's old trading partners in the Common Market and elsewhere would then have begun to make their own new trading arrangements. Mr. Wilson is therefore likely to support the pro-Market forces in their determination to resist, at all costs, the expected moves at this year's party conference at Brighton—and again at the Blackpool conference next year—to force the party leadership to follow a "pull out" policy.

Transport House has completed its plans for Labour's national campaign against the entry terms. In charge is Mr. Gwyn Morgan, who is the party's deputy general secretary and ironically a declared pro-Market force. He has had to step into the breach because Sir Harry Nicholas, the general secretary, is on holiday.

Shortage of funds will limit the campaign mainly to leaflets, car stickers, lapel-stickers and window posters—all bearing a red "No entry" road sign and the words "Labour says no entry on Tory terms." About 750,000 leaflets have already been sent to constituency parties.

Bonds weaker
The recent flurry of gold-buying in Europe and the anti-dollar aspect of the financial markets, have had their repercussions here. The New York bond market has weakened and part of the interest rate rise over the last few months is ascribed to an inflation-cum-devaluation hedge.

Certainly it has not been in response to purely "market" forces, since if supply and demand were the dominant factors interest rates would have been dropping.

Although the overvaluation of the dollar is admitted by many in the Treasury and the Federal Reserve, the greater anxiety still centres on the domestic economy.

French repayment Back Page

Union view
Mr. Baker and the stewards felt that this third improvement in the offer in the space of four days would secure a settlement, and it was believed on Tyneside last night that this would be the case if more of the strikers had attended the meeting. It seems that many of those who voted to stay out felt that having got three new offers in quick succession, they might achieve the full £21.40 by continuing the strike for a few more days.

Compensation
The airline is to pay them £500 compensation each and is to assign a personnel officer "to study full time" to find them alternative jobs.

A spokesman said yesterday that the courses due to start in July and October had been cancelled. Next year's intake of trainees, scheduled for January, April and July, was under review.

Mr. Gordon Hurley, a spokesman for the British Airline Pilots' Association, said last night: "Although we were informed of this decision by the airline, we were not consulted."

Apart from the general aviation recession, BOAC's profitability and growth prospects have been affected by the long delay in the introduction of the Boeing 747, due to a pilots' dispute, a loss of 100 revenue as a result of the postal strike, the loss of lucrative West African routes transferred to the second force airline, Calsonair/BUA, additional security costs arising from the spate of hijackings and technical problems at the Heathrow cargo centre.

Meeting
So far, Mr. Wilson is not on the list of speakers, but he will be speaking to the party conference in October and afterwards to the Parliamentary Labour Party as well as to the Commons. He is now on holiday in the Scillies, returning to London towards the end of the month.

Labour pro-Market forces, as well as the Prime Minister and his Cabinet colleagues, will be addressing public meetings up and down the country in September and October.

BOAC's economies hit pilot intake

BY RAY DAFTER

THE decision by British Overseas Airways Corporation to restrict its intake of trainee pilots is symptomatic of the airline's cost-cutting measures and slow-down in growth of operations.

Next week, its annual report is expected to show an operating profit for the 1970-71 financial year of under £5m. compared with £31m. the previous year.

Although this is a serious drop, the airline will probably point out that a profit was achieved at a time of world airline recession when many of the major carriers were returning heavy losses.

Mr. Keith Granville, BOAC chairman, has already warned staff that "we must fight our way out of this recession."

However, only a few hours after the offer was rejected at the mass meeting the management agreed to unexpected new talks following an approach by the union and also to make a further improvement which would have meant a top rate of £21.15 immediately (only 35p short of the men's demand), £22.15 in January and £23.15 a year later. It is believed that Swan Hunter made this further reluctant concession in the belief that if it did not do so the GMWU would make the strike official almost immediately.

way out of trouble. PIP—a profit improvement programme—has been in force for several months now in an attempt to boost the 1971-72 results by £10m.

Apart from PIP, the airline is cutting all unnecessary expenditure and freezing staff numbers. (The airline is striving to avoid redundancies.) This is the reason behind the week-end disclosure that BOAC is not to take on 100 pilots at present under training at Hamble, Hampshire, and Oxford.

BOAC said that all the trainees involved will complete their courses. If successful this would enable them to take a seat on the flight deck. However, there was much hope of them getting positions as pilots with the corporation.

The airline is to pay them £500 compensation each and is to assign a personnel officer "to study full time" to find them alternative jobs.

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Soldiers shot as Ulster tension grows

BY OUR OWN CORRESPONDENT

NORTHERN IRELAND'S gradual slide towards chaos accelerated this week-end, with the hostility of Roman Catholic areas to the Army far greater than at any time since the troops arrived on the streets two years ago.

To-night in Belfast two British soldiers were shot, but received only minor flesh wounds according to an Army officer. One was a sentry posted on top of the Springfield Road barracks and the other was in a nearby street with a mobile patrol when the car was fired on by men in a car. The car was chased but was lost in the city traffic.

Explosives extensively damaged two boilers in Northern Ireland's biggest power station at Island Magee (Co. Antrim), today. Supplies were not affected.

The latest shootings came after Saturday night's rioting in the Falls Road and Ardoyne districts of Belfast which had in turn followed the fatal shooting of a 30-year-old building worker—a Catholic and father of six children—in his motor-car by an Army sentry.

As workmen began the now familiar task of clearing the riot debris this morning, eight soldiers were already in hospital, four with gunshot wounds. Four civilians were in hospital, one seriously ill, also with gunshot wounds, although the Army claimed that they had been injured in an area where the troops had not opened fire.

One senior Army officer put the blame for the civilian injuries on the IRA. "There was no pattern to it," he said. "It was just absolute bloody viciousness—the gunmen just let loose with no regard for human life."

No further statement was made by the Army today on the death of Mr. Harry Thornton, from Crossmaglen (Co. Armagh), who was shot dead outside the Springfield Road barracks, in Belfast. At first the Army claimed that

the sentry had opened fire after two shots had been directed at the barracks from the van. But eye-witnesses claimed no shots came from the van. Some alleged that its engine back-fired as the vehicle passed the barracks. A passenger in the van, Mr. Arthur Murphy, wore adhesive plaster on his face as he left the barracks for an X-ray examination in hospital. He alleged that he had been beaten up by IRA terrorists and within 24 hours of the shooting incident it had come under machine-gun and shotgun bomb attacks.

As the controversy continued over the precise circumstances of Mr. Thornton's death and small groups maintained a day-long vigil beside a small cross where he was shot, there were signs of a new debate opening up about the exact nature of the Army role in Ulster.

Many Protestants were claiming that the troops should not be expected to continue to face a terrorist campaign while being subjected to civil law. But militant Republicans, spotlighting Thornton's death, were describing it as a "murder" and calling on the troops to be "driven out of Ireland."

Certainly, the shooting has inflamed tensions which were already rising with the approach of the Protestant Apprentice Boys' march to Londonderry next Thursday.

Leaders of the Apprentice Boys are expected to meet to-night to consider whether to order re-routing part of their parade. The order would cut by about a mile the traditional four-mile route in the Protestant waterside district of the city. Six streets in the city centre would be closed to the procession and the Apprentice Boys would not be allowed to make their usual circuit of the city walls, part of which overlook the Catholic Bog-side.

To-day the Catholic Bishop of Londonderry, Dr. Farren, spoke of a "dread foreboding" about the week ahead and appealed to people to keep calm even in the face of provocation.

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Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Certificates for Schedule E

Sir—I have been astonished to find that the Inland Revenue authorities will not accept personal Tax Reserve Certificates in payment of Schedule "E" tax.

While I am aware that this is stated in the prospectus and that the Board of Inland Revenue has no discretionary powers in the matter, surely the prospectus conditions laid down by H.M. Treasury ought to be altered.

Inspectors of Taxes, it is known, are under pressure and it is not always possible to get demands out as soon as might be wished.

If a taxpayer were allowed to accumulate money on personal Tax Reserve Certificates he would benefit, inasmuch as any interest earned would not be subject to tax; but H.M. Treasury via the Bank of England could well have money in hand for 6, 8 or even 12 months before they would otherwise receive it. If personal Tax Reserve Certificates are available for surtax, it is surely unthinking that they should not be available for tax due under Schedule "E."

S. V. Marks,
63 Greenhous Avenue,
Barnet, Surrey.

Residential mortgages

Sir—I read with interest the letter from P. D. Fells (August 4) on Residential Mortgages. I agree with all he said. However, there is one point he did not make and this is that the mortgage is fully covered for the whole of the 25 years under the endowment assurance method.

Should the mortgagee die his or her dependants have little to fear and should this happen towards the end of the 25 years there would be a good sum available over and above the mortgage repayment. I think one would have to pay considerably more than £10 per annum for this cover in addition to repayments to the building society.

George E. Sheward,
44 Coleridge Crescent,
Goring-by-Sea, Sussex.

Quantifying goodwill

Sir—I have with great interest been endeavouring to follow Mr. Myron's and Mr. Buxton's recent letters on the above but the only thing I am quite sure I understand is that "the world inventory has different connections to many people."

As I am now almost exclusively involved with this intriguing subject from the customer

point-of-view I would be most interested to know Mr. Morton's criterion for "efficiency" in this context. I suspect that many industrialists are so concerned with maximising the return on investment that they are quite prepared to adopt an arbitrary level of service to their customers when it comes to the question of setting their optimum levels for stock—what is what inventory means to me.

Having during my earlier working years always endeavoured to adopt the marketing approach to running the company with which I was mainly concerned, I have frequently been involved in boardroom arguments as to the advisable level of stocks.

For many years, in one company in particular, we were able to command price levels at least 71 per cent—and sometimes as

much as 20 per cent—higher than our competitors, for virtually similar products, by this simple process of keeping delivery promises, in return for which I expected customers to be equally scrupulous in keeping to the agreed terms of payment. And for the most part we could afford to do without orders from people whose financial directors obviously looked to a long overdue creditors list to help maximise his return on investment.

I feel it would be of very great benefit to U.K. industry at large if one of the properly educated people of management consultants set about devising a convincing method of quantifying in financial terms the real value of the goodwill that can be built up with customers by keeping delivery promises—and lost by not. I never

got much further than realising that it was only one's best organised customers who really appreciated this and, perhaps surprisingly, were also the ones from whom one very seldom failed to get prompt payment without any undue amount of chasing.

A. S. Bythway,
71, Highgate, Hills Road,
Cambridge.

What we want is variety

Sir—It is interesting to note that on this subject of variety reduction Mr. Charles Villiers, when interviewed on a recent number of the BBC's Money Programme, advised an interviewer who was questioning him

about his merchandise, henker's activities in support of Watney's bid for Trumans that there need not necessarily be any reduction in variety in that if the customer wants something it will be provided.

Many of us who lived in N.W. London or visited the Hertfordshire and Buckinghamshire Chilterns and found members of Benskins draft bitter from Watford, but no amount of wanting it to-day seems to persuade the brewers to continue to produce it and so we shall soon be in that position in any part of England where a choice beyond three or four different breweries so called key bitter will be the absolute limit of choice. In fact where I live in the countryside even our nearest town offers a different brewers products whereas

ten years ago there were several others available.
B. Engert,
Vonsghill House,
Pensmarsh,
Rye, Sussex.

Endowment superior

Sir—I cannot let the letter from Mr. P. D. Fells (August 4) pass without comment since it is an example of "A little knowledge is a dangerous thing."

While agreeing with his broad conclusion that it is completely incorrect to compare items of income and outgo occurring at different times, it is essential to get the rate of interest for discounting purposes at a realistic level. For example if the

rate of 8 per cent. per annum be used because 5 per cent. per annum, the situation would be more than reversed, with the value of net outgo under the endowment method over £300 smaller than that under the repayment method. If Mr. Fells' figures for the repayment method do not include the cost of life cover the disparity is even wider.

What should this rate of interest be, it should be the net rate at which the individual could expect to invest the surplus amount each year resulting from the repayment method. Since this surplus reduces each year, it is unlikely that he will be able to make use of regular saving with tax reliefs, and hence it would be unrealistic to assume anything more than 5 per cent. in the long term. Even at this rate conditions of investment

would be such that the life bonuses will be much less than those illustrated.

Mr. Fells' figures may be disputed from general banking. He is assuming a rate of approximately 51 per cent. (84 per cent. less tax) and (that is investing) as a rate of interest. In these conditions obviously desirable to borrow as much as possible at 51 per cent. and invest at 8 per cent. in the endowment method one borrows "more" since one does not repay any capital until the end of the contract, thus method should be better.

I am not a great believer in conventional endowment, and I think that the life office brochure is unfair. However, the endowment method is almost certain to vastly superior for anyone pays tax at a reasonable level.

Let us get our facts right.
T. G. Arthur,
3, Yateley Road,
Edgbaston,
Birmingham 15.

... not forgotten

the necessity to acquaint top management throughout this country of the need to allow the input end of the input-output process—common to all businesses to be given proper attention.

The comment that "perhaps in a few years time there will be Professors of Purchasing" may not be so very wide of the mark.

Already at Lancaster Polytechnic, Coventry we offer BA business studies sandwich degrees where purchasing may be chosen as a main subject. Some students have graduated and hold senior purchasing posts in industry. These are the only first degree courses in the world where purchasing is offered as part of the syllabus, and as such are a valuable contribution to the imbalance between purchasing and marketing, or input and output, that our programme marks the beginning of an offshoot in raising the level of the study. This business studies degree, the consequent outflow of more graduates who will apply themselves to the raising of purchasing performance in business.

John Stevens,
Lancaster Polytechnic,
Coventry.

Sir—I feel that I must take your marketing editor—Mr. Antony Thorncroft—to task over one comment in his article, "The forgotten man of selling."

He states that "after all a 10 per cent. saving to purchases is the equivalent of a 10 per cent. increase in sales." It is because this is not so that the buyer is the last being recognised as a key person within the organisation.

ance, among the more forward companies at any rate.

A numerical example will perhaps elucidate the point further; for example, company "A"—

Profit £m. 10
Bought in parts 60
Admin., labour and overheads 40

110

If the money spent on bought in parts is reduced by 10 per cent.—which can be as a result of value analysis, harder bargaining, rationalisation of suppliers, or turnover discounts, etc.—there will be a direct contribution to overheads of £6m., which assuming constant returns to scale, would in fact reduce a 60 per cent. increase in sales, a fact which I feel even the most confident sales director would find impossible.

The simple fact is that to-day, without doubt, efforts spent by buyers will normally have a greater impact on company profitability, than similar effort spent in other directions, by usually higher paid employees.

C. J. Weeks,
18, Glenageary,
Clonsilla, Dublin.

Sir—Buyers throughout the country will I am sure welcome your article on the purchasing profession and in particular the reference to recognition by top management of the substantial contribution which an efficient purchasing organisation can make to the profitability of a company.

The degree of recognition varies widely among companies, but there is no doubt whatsoever that in general terms the import-

ance of the purchasing function is now being rapidly recognised on an increasing scale.

As a Fellow of the Institute of Purchasing and Supply I am aware of the strenuous efforts which the Institute is making towards fostering this recognition, but at the same time I would suggest that it is the responsibility of buyers themselves to take all possible steps towards bringing the advantages of organised purchasing to the notice of top management.

Increased savings is probably the most important factor among the advantages arising and in this context I would suggest that the reference in your article—a 10 per cent. saving in purchases is the equivalent of a 10 per cent. increase in sales—could be misleading.

I would submit that a 10 per cent. saving in purchases might be regarded as an increase in the net profit of a company before tax of the monetary equivalent arising from the 10 per cent. saving.

If for example the monetary equivalent was £100,000 it is then necessary to calculate the percentage increase in sales turnover to realise an increase of £100,000 in the net sales profit.

I would suggest that it is not always feasible to quote a figure in general terms since the appropriate increase required in sales will depend largely upon the profitability rate of a company and sales volume. However, either way, an appreciable increase in sales would be required.

Robin Hancock,
Fonsell Duffryn House,
6, Great Tower Street,
E.C.3.

Oz sentences

Sir—The undersigned, members of the Financial Times while not condoning the use of the OZ School Kids to deplore the severe sentence passed on the three OZ editors.

J. Barnett, M. J. Baylis, B. Black, Michael Blenden, B. Bloom, Harold Bolter, J. B. Sloan, Jeffrey Brown, Samuel Tan, V. P. Clark, R. P. C. Bull, G. Cochrane, Michael G. Patrick Cooper, B. R. Cunn, Ray Dafter, Ian Davies, Terry Dodsworth, Adrian D. John Elliott, Elsheth Gane, T. J. Garrett, David Flyn, Ken Gofon, Ken Good, Enoch Goodman, John G. Robert Graham, Quintin Ham, Andrew Hargrave, P. Healey, Trevor Humphries, A. Hunt, Philip Hunt, Joe Hunt, Colin Inman, T. M. In, Richard Johns, Geoffrey J. Guy, J. Jones, P. Jones, P. Riddell, Barry Riley, J. Rodgers, Martin Routh, R. R. S. Selby, Michael Simms, B. L. Smith, R. M. S. Michael Thompson-Noel, M. Lyn Thomas, Antony Thorne, R. M. Vaughan, Mark van Wey, David Water, D. Watt, Rex Winsbury, J. Wheeler.

Bracken House, E.C.4.

TV/Radio

* Indicates programme in black and white.

BBC 1

11.25 a.m. Cricket: Second Test Match: England v India. 1.30 p.m. Watch with Mother. 1.45 News. 2.10 Cricket: England v India. 4.20 Play School. 4.40 News. 4.55 P.M. Your World. 5.15 P.M. and Dixie. 5.20 Belle, Sebastian and the Horses. 5.44 Abbott and Costello. 5.50 News. 6.00 London This Week. 6.20 Here's Lucy. 6.45 He Said, She Said. 7.05 2 Cars. 7.20 Battle Royal: The Queen and the Duke of Edinburgh review The Household Troops at Long Valley, Aldershot. 8.00 Panorama: Golda Meir, Israel's Prime Minister tells her story. 9.00 Nine O'clock News. 9.20 Brett. 10.10 Monty Python's Flying Circus. 10.40 24 Hours. 11.15 Swim: part 7.

All Regions as BBC 1 except at the following times:

Wales—11.25 a.m.—1.30 p.m. Cricket: County Championship, Glamorgan v Yorkshire and 2.10-4.20 (shared with Test BBC 1). 1.30-1.45 Ar Lin Mm. 6.00-6.20 Wales Today. 6.20-6.45 14p of the Form. 6.45-7.05 Heddiw. 10.10-10.40 Ble Garedig. Chi Fynd. (LLW) visit to Richmond and Catterick.

Scotland—11.15-11.45 Scottish News Headlines.

Northern Ireland—6.00-6.20 p.m. Scene Around Six. 11.42 Northern Ireland News Headlines.

England—6.00-6.20 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight (from South West (from Plymouth)). 11.42 Regional News Headlines.

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by JOHN WILLETT

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themselves at the Lions line. The defence was stretched over brilliant. Once John kicked over his head to clear while William went down under some fiercer rucking. This was a great performance by the Lions who produced superior fitness and speed to come back in the last minute. By then both sides were almost exhausted.

reduced to a walk but when the chance came in the last minute the Lions were able to snatch

SPORT 2: YACHTING... TENNIS

British team is under pressure

BY ALEC BEILBY

PLYMOUTH, August 8.

ADMIRAL'S CUP and Fastnet fever, which affected Coves last week, has moved on to Plymouth as the 230 yachts sailing the 660-mile course from Coves passed the Eddystone light and the Lizard on their way to the Fastnet rock off southwest Ireland. As early race reports arrived from aircraft, petrol craft and coastguard stations it seems that the British team are in danger of losing the 22 point lead that they held over the Australians when they started out from Coves yesterday. The Fastnet race counts for triple Admiral's Cup points, the winning team yachts scoring 141.

After the start yesterday the three British yachts, Mr. Edward Heath's Morning Cloud, Mr. Arthur Slater's Prospect of Whitley and Mr. Bob Watson's Cervantes IV, played the cautious games, avoiding any risky manoeuvres with the Australians who have been taking a tough line on tactics during Coves Week.

Starting as a team it appeared that Prospect of Whitley and Morning Cloud were more than maintaining their positions on handicap against their rivals, a hopeful sign as the wind was fresh from the south-west and exactly what the Americans and Australians needed to give their larger yachts the advantage.

Cervantes had seemed to be the disappointment of the team as the vast fleet left the Solent. She was among yachts which she had easily beaten during the three earlier races of the Admiral's Cup series.

During yesterday afternoon and early to-day the wind dropped appreciably and the tide set in from the west as the leaders approached Portland Bill and Lyme Bay where navigation and knowledge of the tide dedging can pay dividends.

When the yacht spots were back to work to-day the earlier encouraging hopes for Britain took a tumble. While Mr. Ted Turner's 12 metre American Eagle, reserve yacht in the American team, led past the Lizard shortly after midday, Morning Cloud and Prospect of Whitley were sighted near the Eddystone light more than 30 miles astern. Two hours later coastguards at the Lizard sighted the Australian yachts Salacia II and Ragamuffin.

The sighting of Ragamuffin

ahead of much larger yachts such as the South African Jakaranda, Sir Max Aitken's Crusade, the non-Admiral's Cup Australian yacht Apollo and the British reserve yacht Quail II means that at this stage she must be near to leading the fleet on handicap. Crusade and Apollo are almost on a level with American Eagle on handicap rating but are an hour and a half astern of her but this comes as no great surprise when the Eagle's offshore performance is remembered, though the performance of Apollo is disappointing.

Surprisingly Cervantes was reported to be off the Lizard with Ron Ames's Norway, astern of Salacia and Crusade, and ahead of Mr. Terry Playle's Aeteson of Hamble. These were hours ahead of Morning Cloud and Prospect of Whitley and there were thoughts that the sail number of Cervantes, 2345 could have been confused with that of the American yacht Salty Tiger, 2343. One must hope that this is not the case and that Cervantes is redeeming her disqualification that cost the British team so much in the inshore race at Coves last week.

Obviously with such a large fleet spread across the north side of the English Channel many yachts are slipping past out of sight of land and unreported, among them the Australian yacht Roomoloon, the American team yacht Yankee Girl and her team mate Carina III.

Several reasons have been suggested for the drop in the positions of Morning Cloud and Prospect of Whitley and the most likely answer seems to be that they were caught in a calm during the night to the east of the Devon coast, having packed into Lyme Bay to avoid the effect of the six hours of east-going tide. They were both sighted from the shore at Portland yesterday afternoon apparently keeping to the east.

There are still 400 miles to be sailed and the strength had gone from the wind this evening which could give the smaller yachts their chance to keep moving while the larger ones struggle to keep their heavy sails filled. The effect of this was apparent from the number of comparatively smaller yachts racing alongside the largest in the fleet off the Cornish coast this evening.

Under-18 winners confirm promise

BY JOHN BARRETT

DURING the past two weeks on the grass courts at Devonshire Park, Eastbourne, the best young talent in Britain has been paraded before a discerning, expectant audience. First the under-18s came under scrutiny in the Green Shield Junior Grass Court Championships and then it was the turn of the under-18s and under-19s in the round robin groups from which the winners played on in the Green Shield National Invitation event.

The two under-18 winners Stephen Warboys (17) and Lynne Coles two months younger, each defended their top seeded status with distinction and confirmed earlier impressions that they are two players who should have bright futures.

A lot has been written about Warboys. He has had the sort of controversial upbringing which invites argument and discussion and his father has planned his sporting progress in several fields with meticulous care and considerable expense. Tennis has now become his chief concern at the expense of golf in which he is a single figure man and his precocious talents have already brought him some notable scalps.

However, it has been his father's deliberate policy to shield him from competition against his age-group rivals unless the odds have been weighed heavily in his favour. He argues that competition against seniors of good class will best permit Stephen to develop at his own pace and encourage him to go for his shots without restraint. It is true, of course, that this policy bolsters confidence and allows experimentation with bold shot-making, at which Stephen excels for there is never the danger of a bad loss. However, it is a dangerous policy because ultimately a player's success depends upon his ability to face that moment of truth when he meets an inferior player in inspired mood and has to get the ball into play snubbing despite that interior choking feeling that inhibits normal shot-making.

This is the one area where a doubt remains over Warboys. In the few occasions when he has played in international junior events he has failed in the crisis. In the Eastbourne final, on a difficult windy day, he failed slightly once again against John Lloyd, his Essex colleague who, at 18, is one year younger, serving for the first set at 5-3, he played too careful a volley

and was twice gloriously passed on the backhand to be caught at 5-6. However, he had enough service power in hand to accelerate out of range and eventually won comfortably.

Of the other boys, Lloyd showed growing maturity as he kept his head to beat the second seed Christopher Mottram whose own composure was unusually lacking. Michael Wayman (Surrey) made a brave recovery to overcome the raw talent of Lancashire's left-handed Mark Farrell but was annihilated by Warboys in a semi-final of magnificent arrangement. The two Middlesex boys, Lewis and Leslie, lost creditably to Warboys and Mottram respectively and then teamed well to win the doubles.

Miss Coles pursued a serene course in the second national junior title (she won the indoor event in January) and demolished the 19-year-old Devonian Sue Barker in the final without losing a game. This was a sad end to a brave week for Miss Barker who had beaten two seeded players on her way to the final. Miss Coles has every chance of developing into a senior player of merit with sound ground strokes, a penchant for volleys, a fine physique, a hunger for work and, most fortunately, the benefit of sound advice from one of Britain's best post-war players, Shirley Brasher.

The older girls did not impress and it was the youngsters who caught the eye as they did again last week in the age group events. Nuala Dwyer, a left-hander from the same Torquay stable as Miss Barker, won the under-16 event from Linda Mottram and will doubtless be in better heart to defend her junior Wimbledon title next month after a disappointing season. Miss Mottram had scored a notable victory over Miss Barker in the semi-finals.

The under-14 title went to the Kent girl Michel Tyler, still not 13, who is beautifully composed and imperturbable for one so young. In a marathon semi-final she beat Jill Cottrell (Surrey) in a little gem of a match after saving two match points against her in the second set. The under-14 boys winner, Andrew Jarrett, is another 13-year-old whose talents suggest he will develop along lines laid down by an older brother of county class. For all these players achievement at junior level should only be regarded as a stepping stone to greater things.

Ireland Alloys' new factory

IRELAND ALLOYS will today start operations from its new works and headquarters offices at Amulon, Scotland.

The plant, on a 13-acre site, is equipped with machinery for

tion of material for a wide variety of melting operations. The works are laid out so that different materials can be processed on a flow system.

It is expected that the new works, which will employ 83 initially and 130 in the foreseeable future, will be in full production by September.

Eastern bloc agrees on economic pool

BY MICHAEL SIMMONS, EAST EUROPEAN CORRESPONDENT

THE SOVIET UNION and its partners in Comecon have agreed on a plan for economic integration over the next 15 to 20 years with the aim of increasing labour productivity, ensuring competitive power on the world market, and pooling efforts in advanced science and technology. The plan, published in the Soviet Press this week-end, was agreed by the Comecon summit meeting in Bucharest on July 27 to 29.

One of its main features, which had already been announced, is the introduction of free convertibility for the member States currencies, based on a convertible rouble. But planners will not get down to working out measures for this until 1973, and the programme will not say when the new system would be introduced. The convertible rouble is also gradually to be used in trade with third countries, primarily socialist and developing nations.

Compromise

The integration plan as a whole is considered a compromise between Romania's insistence on national independence and her seven Comecon partners. It states specifically that "socialist economic integration proceeds on the basis of complete voluntariness and is not accompanied by the creation of supranational organs. It does not affect questions of domestic planning."

It did say that member countries "regard co-ordination of the five-year plans as one of the basic methods of planned development of co-operation."

The eight Comecon nations will begin joint work on biological physics, computer production, the generation of nuclear power for industrial purposes, and on protection of the environment.

Apparently anxious to take advantage of the technical know-how of the West, members have agreed to let countries outside the bloc take part in their co-operation.

The programme also calls for joint planning of branches of industry, specialisation by each State so as to divide labour more rationally, co-operation in prospecting, joint economic forecasting, joint economic forecasting of machine systems, equipment and instruments.

This outline plan to streamline the activities of Comecon's member countries is unlikely to mean any real acceleration of technological progress in Eastern Europe in the immediate future.

Countries with a larger agricultural base, such as Bulgaria, Romania and Mongolia will continue to develop at a steady pace, but for example, industrialised East Germany and Czechoslovakia.

But the plan may well give a formal air to the so far ill-organised endeavours that have been made within the so-called "international division of labour" in such areas as co-operation in computer manufacturing and computerisation.

Emphasis

The emphasis on convertibility may give some satisfaction to those member countries, such as Hungary, who have been seeking it for so many years. But work towards convertibility is only to start in 1973, and its actual achievement — even in the Comecon area — is a long way off.

At least one objective of the Soviet planners will, however, come closer to realisation through the implementation of this plan. They will legitimately be able to draw upon East European men, machinery or money to exploit their own vast untapped resources — apparently starting with non-ferrous metals, possibly copper or nickel.

Several reasons have been suggested for the drop in the positions of Morning Cloud and Prospect of Whitley and the most likely answer seems to be that they were caught in a calm during the night to the east of the Devon coast, having packed into Lyme Bay to avoid the effect of the six hours of east-going tide. They were both sighted from the shore at Portland yesterday afternoon apparently keeping to the east.

There are still 400 miles to be sailed and the strength had gone from the wind this evening which could give the smaller yachts their chance to keep moving while the larger ones struggle to keep their heavy sails filled. The effect of this was apparent from the number of comparatively smaller yachts racing alongside the largest in the fleet off the Cornish coast this evening.

The sighting of Ragamuffin

ahead of much larger yachts such as the South African Jakaranda, Sir Max Aitken's Crusade, the non-Admiral's Cup Australian yacht Apollo and the British reserve yacht Quail II means that at this stage she must be near to leading the fleet on handicap. Crusade and Apollo are almost on a level with American Eagle on handicap rating but are an hour and a half astern of her but this comes as no great surprise when the Eagle's offshore performance is remembered, though the performance of Apollo is disappointing.

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NCB £8m. contract for Crouch

Financial Times Reporter

DEREK Crouch (Contractors), the Peterborough-based building and civil engineering group, has gained a further National Coal Board opencast mining contract. Worth over £8m, the deal provides for the production of 2.3m. tons of good quality coal at Radcliffe, near Ashington, Northumberland.

The site is close to that of the group's current operations at Radar North, Widdington, near Morpeth. At Radcliffe, the target is 500,000 tons of coal a year, most of it for power station use.

Work on clearing 50m. cubic yards of surface soil, boulder clay and rock is to begin immediately, with the first production of coal expected in October.

Some 150 men are to be employed on the project, which will provide continuity of work for those already involved in the Radar North. That has been in operation since 1957 and has so far provided 11m. tons of solid fuel.

Derek Crouch's remaining opencast activities are in South Wales, where two sites are being mined and a coal washing complex operated.

ALEXANDER HALL CONTRACT

Alexander Hall and Son (Builders) Edinburgh, a member of Aberdeen Construction Group, has been awarded a £234,850 contract by Grampian Properties. It involves several works in the erection of a five-storey office block, together with car park, pavings, drainage and landscaping.

C&W Walker Holdings Limited

The Chairman: Mr. E. C. Woodall reports on 1971

★ Trading profit increased to £74,007 in difficult conditions.	★ Board feels justified in raising dividend from 13% to 14%.	
★ Overall performance of the Group was depressed by two of the Subsidiary Companies.	★ Active steps being taken to bring loss-making subsidiaries into profitability.	
★ All other companies continue to trade satisfactorily. Encouraging reception of new products.	★ Increased turnover and an improved profit expected in current year if economic conditions continue to improve and industrial confidence is restored.	
Comparative Figures	1971	1970
Group Turnover	<u>£3,195,696</u>	<u>£2,071,948</u>
Trading Profit	£74,007	£63,764
Profit after taxation and exceptional items	£56,613	£74,671
Ordinary Dividend	14%	13%



The activities of the Group include the design, manufacture and erection of oil and petroleum storage tanks, gasholders, fractionating columns and similar steel platework fabrications for the process plant industries and the manufacture of other rigid synthetic materials.

Copies of the Report and Accounts may be obtained from the Secretary, C & W Walker Holdings Limited, Midland Iron Works, Donnington, Telford, Shropshire.

£300,000 ring mill shop commissioned

THE £300,000 ring mill shop at Doncasters Sheffield, the forgings and drop forging subsidiary of Daniel Doncaster and Sons, has now been commissioned. It was disclosed at the week-end.

The installation, for forging rolling plain (and subsequently profiled) rings, will be a slip in the price of rubber to the lowest level since 1948. On Friday, the market closed at 92 Malaysian cents (12½) per kilo. The price has slipped 36 Malaysian cents (40) since May 20.

Ministers were reported to have met rubber industry leaders last week seeking their co-operation for the Government move.

UPI

depend of "not less than 18%"

and in view of the facilities the Directors are now pleased to recommend a payment of 22% payable on 6th August, 1971, making a total of 34% compared with 28% for the previous financial year.

I think it appropriate to refer again to the use being made by your Company of the services of a computer. This was commenced in 1970, and has now been extended to cover all the major aspects of accounting at both branches. It is operating most satisfactorily and has undoubtedly been a factor in increasing efficiency and improving our service to customers.

Encouraging Current Trading
The value of Sales for the opening months of the current financial year shows an increase over that for the corresponding period last year, notwithstanding the increased prescription charges, and I have every expectation that in the absence of unforeseen circumstances, the present level will be at least maintained.

Tribute
May I close my report by expressing, both for myself and on behalf of all shareholders, who I am sure would wish to be associated therewith, my thanks to my colleagues on the Board, our executives, and all members of staff for their hard work and loyalty during the past year.

The report and accounts were adopted.

Record Sales

Sales at a record £2,978,077, show an increase of £38,783, or some 15% over the figure for the previous year, while net profit before taxation at £177,178 has risen by £47,841, or 37%.

Net profit for the year after taxation amounts to £108,704, which compares favourably with £88,370 last year. In my interim report, I indicated a final dividend of "not less than 18%"

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Malaysia aims to halt fall in rubber prices

KUALA LUMPUR, August 8.

THE MALAYSIAN GOVERNMENT was reported to-day to be planning to intervene in the market to halt the slipping price of rubber, trade sources said.

The reported move followed a slip in the price of rubber to the lowest level since 1948. On Friday, the market closed at 92 Malaysian cents (12½) per kilo. The price has slipped 36 Malaysian cents (40) since May 20.

Ministers were reported to have met rubber industry leaders last week seeking their co-operation for the Government move.

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT continued—

GENERAL INFORMATION
United Kingdom Approval of the Borrowing
Consent of H.M. Treasury has been obtained to this issue in compliance with the Order made under Section 1 of the Borrowing (Control and Guarantees) Act, 1948 and approval has been given by the government of the United Kingdom as required by the Articles.

Price Waterhouse & Co. have given and have not withdrawn their written consent to the inclusion of their opinion dated 23rd July, 1971 on the Financial Statements in the form and context in which it is included in this Offer for Sale.

Copies of the following may be inspected during normal business hours on any weekday (excluding Saturdays) at the offices of the Solicitors to the Bank, Freshfields, 1, Bank Buildings, Princes Street, London, EC2R 8AB and of the

Solicitors to the Issuing Houses, Slaughter & May, 35, Basinghall St, London, EC2V 5DB, during a period of fourteen days from 8th August, 1971.

(i) The Articles;

(ii) The Bretton Woods Agreements Act, 1945, and the Bretton Woods Agreements Order in Council, 1948;

(iii) The Instrument dated the 6th August, 1971, constituting the Stock;

(iv) The Contract dated the 6th August, 1971, between the Bank and Issuing Houses being the Contract referred to above;

(v) The Annual Reports of the Bank for its fiscal years ended 30th June, 1969 and 30th June, 1970;

(vi) The Audited Financial Statements of the Bank for its fiscal year ended 30th June, 1971;

(vii) the consent of the Independent Auditor referred to above, 8th August, 19

Application has been made to the Council of The Stock Exchange, London for permission to deal in and for quotation for the Stock now offered.
The Application List will open at 10 a.m. on Thursday, 12th August, 1971 and will close on the same day.
Applications for the Stock must be made to Baring Brothers & Co., Limited on the forms provided.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



Offer for Sale of £10,000,000 8 per cent. Stock 1976 at par

by
BARING BROTHERS & CO., LIMITED

HAMBROS BANK LIMITED

LAZARD BROTHERS & CO., LIMITED

MORGAN GRENFELL & CO. LIMITED

N. M. ROTHSCHILD & SONS LIMITED

J. HENRY SCHRODER WAGG & CO. LIMITED

Procedure for Application

Applications must be for a minimum of £100 nominal of Stock or multiples thereof and must be made on the Application Forms provided. For convenience, the form is annexed. Completed Application Forms, accompanied by remittance for the full amount payable, should, if sent by post, be forwarded to Baring Brothers & Co., Limited, New Issues Department, 5 Bishopsgate, London, EC2N 4AE, so as to arrive there not later than 10 a.m. on Thursday, 12th August, 1971. Applications not sent through the post should be delivered to Baring Brothers & Co., Limited at 145, Leadenhall Street, London.

A separate cheque for the full amount payable must accompany each application and must be made payable to Baring Brothers & Co., Limited, drawn on bank or a branch thereof in England, Scotland or Wales and crossed "not negotiable".

Baring Brothers & Co., Limited reserve the right to present all cheques for payment on receipt, to retain Letters of Acceptance and surplus application moneys pending clearance of applicants' cheques, and to reject or scale down any application.

If any application is not accepted or is accepted for a smaller amount of Stock than the amount applied for, the application moneys or the excess amount hereof will be returned to the applicant by cheque sent through the post at the applicant's risk.

Fully paid Letters of Acceptance will be sent by post to successful applicants at their risk and will be renounceable up to and including 4th October, 1971. Stock Certificates will be posted on 5th November, 1971.

Brokerage of 1/2 per cent. will be paid on the nominal amount of Stock allotted pursuant to applications for the Stock (other than applications arising out of underwriting) bearing the stamp of a recognised Banker or a Member of a Stock Exchange in the United Kingdom.

Copies of this Offer for Sale and Application Forms may be obtained from:

Baring Brothers & Co., Limited,
5, Bishopsgate, London, EC2N 4AE.

Hambros Bank Limited,
41, Bishopsgate, London, EC2P 2AA.

Lazard Brothers & Co., Limited,
11, Old Broad Street, London, EC2P 2HT.

Cazanova & Co.,
12, Tokenhouse Yard, London, EC2R 7AN.

Penmure Gordon & Co.,
21, Austin Friars, London, EC2N 2ES.

Morgan Grenfell & Co. Limited,
23, Gresham Street, London, EC2P 2AX.

N. M. Rothschild & Sons Limited,
New Court, St. Swithin's Lane, London, EC4P 4DU.

J. Henry Schroder Waggs & Co. Limited,
120, Cheapside, London, EC2V 6DS.

Rowe & Pitman,
Woolgate House, Coleraine Street, London, EC2R 8BL.

Joseph Sabag & Co.,
3, Queen Victoria Street, London, EC4N 8DX.

INFORMATION RELATING TO THE STOCK

Constitution of the Stock

The £10,000,000 8 per cent. Stock 1976 ("the Stock") was created by resolution of the Executive Directors of the International Bank for Reconstruction and Development ("the Bank") passed on 3rd August, 1971 and is constituted as an unsecured obligation of the Bank by an instrument ("the instrument") dated 6th August, 1971 executed by the Bank and deposited with Baring Brothers & Co., Limited ("the Depositor").

The Stock is not an obligation of any Government.

Interest

Interest at the rate of 8 per cent. per annum will be payable half-yearly on 31st January and 31st July. The first payment of interest, calculated from 3rd August, 1971 and amounting to £377 (gross) per £100 Stock, will be made on 31st January, 1972.

Taxation on Interest

Interest on the Stock will be payable without deduction of United Kingdom tax pursuant to the terms of The Bretton Woods Agreements Order in Council 1946. Recipients who are resident outside the United Kingdom will not normally be chargeable to United Kingdom tax on the interest. Interest received by overseas life assurance companies and banks who are resident abroad and carrying on business (through a branch or otherwise) in the United Kingdom, or by Lloyd's Underwriters, will be taken into account under the special rules applicable to such concerns for tax purposes in computing their profits arising in the United Kingdom. Recipients who are resident in the United Kingdom may be chargeable to United Kingdom tax depending on their circumstances.

Redemption and Purchase

The Stock is to be repaid at par, together with accrued interest, on 31st July, 1976. The Bank may at any time purchase Stock on any stock exchange or by tender (available to all Stockholders alike) at any price not exceeding £110 per cent. but save as aforesaid the Bank may not purchase any Stock. The Bank will be entitled to hold and deal with Stock so purchased, which may be cancelled or not as the Bank thinks fit.

Negative Pledge Covenant

So long as any principal moneys or interest remain due in respect of the Stock, the Bank will not create or permit to be created on any of its property or assets any mortgage, pledge, lien or charge or security for any bonds, stock or other evidences of indebtedness heretofore or hereafter issued, assumed, guaranteed by the Bank for money borrowed (other than mortgages, pledges, liens or charges on property purchased by the Bank as security for all or part of the purchase price thereof) unless the Stock shall be secured by such mortgage, pledge, lien or charge equally and ratably with such other bonds, stock or evidences of indebtedness.

Remedy on Default

If the Bank shall default in the payment of any principal moneys or interest due in respect of the Stock or in respect of any other bonds, stock or similar obligations which shall have been issued, assumed or guaranteed by the Bank, or in the performance of any covenant in respect of or abrogation or release of the rights of the Stockholders against the Bank. The quantum required for release of the rights of the Stockholders against the Bank shall be determined by or by proxy representing a clear majority in nominal amount of the Stock for the time being outstanding. At any adjourned meeting the Stockholders present will form a quorum.

Modification of Rights

A meeting of the Stockholders shall have power exercisable by Extraordinary Resolution (as defined in the instrument) to amend or to modify or to compromise or of any arrangement in respect of or abrogation or release of the rights of the Stockholders against the Bank. The quantum required for release of the rights of the Stockholders against the Bank shall be determined by or by proxy representing a clear majority in nominal amount of the Stock for the time being outstanding. At any adjourned meeting the Stockholders present will form a quorum.

Transfers

The Stock is to be registered and transferable in amounts or multiples of £1. Under the Finance Act 1951 transfers of the Stock will be free of United Kingdom stamp duty.

Paying Agent

The Bank has appointed Baring as Paying Agent and Registrar of the Stock.

Trustee Status

When quoted the Stock will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

Building Society Status

When quoted the Stock will be an investment falling within Part I of the Schedule to The Building Societies (Authorised Investments) Order 1962.

UNDERWRITING

The Bank has entered into a Contract dated 8th August, 1971 with Baring, Hambros Bank Limited, Lazard Brothers & Co., Limited, Morgan Grenfell & Co., Limited, N. M. Rothschild & Sons Limited and J. Henry Schroder Waggs & Co., Limited, ("the Issuing Houses") whereby the Issuing Houses have subscribed for the Stock at the price of 98 1/2 per cent. for the whole of the Stock, for payment in full on 18th August, 1971, with a view to offering it for sale to the public. The Contract provides that the Issuing Houses will pay underwriting and overriding commissions of 1 per cent. and 1/2 per cent. respectively on the nominal amount of the Stock and the above mentioned brokerage.

PROCEEDS OF ISSUE

The net proceeds to the Bank of the issue of the Stock will be used in the general operations of the Bank, which are concerned mainly with the financing of projects in developing countries.

CURRENCY EQUIVALENTS

Unless otherwise stated, references under "Information Relating to the Bank" to dollars are to United States dollars and the symbol "\$" means United States dollars. Amounts in other currencies have been converted into United States currency on the basis stated in "Notes to Financial Statements" (General) set out below.

INFORMATION RELATING TO THE BANK

1. General Description

The Bank is an international institution, the members of which are governments. It was established and is operating under Articles of Agreement ("the Articles") signed by those governments. The Bank officially began operations on 25th June, 1946. The principal office of the Bank is located in Washington, D.C. 116 governments are now members of the Bank. Information relating to the members of the Bank as at 30th June, 1971 is set out below in "Statement D—Subscriptions to Capital Stock and Voting Power".

The principal purposes of the Bank are:

- to assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes, thereby promoting the long-range growth of international trade and the improvement of standards of living;
- to promote private foreign investment by guarantees of or participations in loans and other investments made by private investors; and
- when private capital is not available on reasonable terms, to supplement private investment by making loans for productive purposes out of its own resources or funds borrowed by it.

2. Capital

The authorised capital of the Bank is \$27,000,000,000 in terms of United States dollars of the weight and fineness in effect on 1st July, 1944, divided into 270,000 shares of the par value of \$100,000 each. At 30th June, 1971, the total subscribed capital was \$23,871,000,000 of which 10 per cent. had been paid up. Certain members have been authorised by resolution of the Board of Governors of the Bank to subscribe additional shares of the Bank's capital up to an aggregate amount of \$1,669,300,000 of this amount \$17,600,000 had been subscribed as at 31st July, 1971 of which 10 per cent. had been paid up.

Of the subscribed capital at 30th June, 1971:—

- \$318,018,298 paid in gold or United States dollars may, under the Articles, be freely used by the Bank in any of its operations.
- The equivalent of \$2,066,414,381 paid in the currencies of the subscribing members may, under the Articles, be lent only with the consent of the member whose currency is involved. As at 30th June, 1971, the equivalent of \$1,640,400,000 had with such consent been used for lending purposes or allocated for such use. An additional amount equivalent to \$2,669,321 in this category was due from five members in order to maintain the value of their currencies as required by the Articles. (See Note A in the "Notes to Financial Statements" set out below.)
- The equivalent of \$19,098,800,000 may, under the Articles, be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount is thus not available for use by the Bank in making loans. Payment on any such call may be made, at the option of the particular member, either in gold, in United States dollars or in the currency required to discharge the obligation of the Bank for which the call is made. No calls have been made on this portion of the subscribed capital.

Pursuant to resolutions of the Board of Governors of the Bank, the equivalent of \$2,387,100,000 is to be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. On calls on this amount, 10 per cent. would be payable in gold or United States dollars and 90 per cent. in the currencies of the subscribing members. While these resolutions are not legally binding on future Boards of Governors, they do record an understanding among members that such amount shall not be called for use by the Bank in its lending activities or for administrative purposes.

The uncalled subscribed capital referred to in (3) and (4) above, totalling the equivalent of \$21,433,900,000, is a part of the assets of the Bank of which it is bound to avail itself when and to the extent necessary to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. The obligations of the members of the Bank to make payment on calls on this amount are independent of each other. A failure of one or more members to make payment on such a call would not excuse any other member from its obligation to make payment. However, no member may be required to pay more than its unpaid subscription.

The Bank has not declared or paid any dividends to its members.

3. Funded Debt

At 30th June, 1971 the Funded Debt of the Bank, expressed in United States dollars, amounted to the equivalent of \$5,424,161,542. Details of the composition of this sum and certain further information relating thereto are set out below in "Statement F—Summary of Funded Debt". The above amount, as adjusted by the amounts of the transactions referred to in the footnote to that statement, should be further adjusted by subsequent net borrowings in Germany of the equivalent of \$22,819,672. In addition the Bank has announced that it intends to offer for sale \$175,000,000 Twenty-Five Year Bonds in the United States on 11th August, 1971.

4. Membership of United Kingdom

The United Kingdom became a member of the Bank pursuant to the Bretton Woods Agreements Act, 1945. The United Kingdom has subscribed \$2,600,000,000 of the capital of the Bank and is entitled to cast 26,250 votes. In respect of its subscription, the United Kingdom has paid an amount equivalent to \$260,000,000 as follows: \$26,000,000 in United States dollars and \$234,000,000 in pounds sterling. The unpaid portion of the subscription of the United Kingdom of \$2,340,000,000 equivalent may be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. As to \$2,090,000,000 the restriction on such calls is imposed by the Articles and as to \$250,000,000 by resolutions of the Board of Governors.

5. Operations of the Bank

Loan Policy

The Bank's lending operations have conformed generally to five principles derived from the provisions of the Articles. They are:—

- The Bank makes loans either to member governments or to governmental authorities or agencies or private enterprises in the territories of member governments. A loan which is not made directly to the government in those territories the project being financed is located must be guaranteed as to principal, interest and other charges by the government or its central bank or a comparable agency of the government acceptable to the Bank. A guarantee by the government itself has been required in all such cases to date. (See, however, "Bank Loans to IFC".)
- Loans must be for productive purposes. Loans which, in the Bank's opinion, cannot be justified on economic grounds are excluded.
- In making loans, the Bank must act prudently and pay due regard to the prospects of repayment, taking into account the necessity of the borrower obtaining the foreign exchange required for service of the loan.
- The Bank does not make loans which are obtainable in the private market on reasonable terms. The Bank is intended to promote private investment, not to compete with it, and does not undertake business which private investors are willing to transact on a reasonable basis.
- The use of loan proceeds is supervised. The Bank makes arrangements to ensure that funds loaned are used only for authorised purposes, with due attention to considerations of economy and efficiency.

Within the scope permitted by the Articles, this policy must necessarily be developed and adjusted in the light of experience and changing conditions.

Loan Operations

The Articles contain a provision whereby the total amount outstanding of guarantees, participations in loans and direct loans made by the Bank may not be increased at any time to an amount in excess of the total subscribed capital, reserves and surplus of the Bank as at that time.

Funds for disbursements under loans made by the Bank have been obtained from the Bank's paid up capital, from funds derived from the Bank's operations, from the issue of its own obligations, from loan repayments and from sales of

portions of loans. (See "Statement C—Source and Application of Funds" set out below.)

From its establishment to 30th June, 1971, the Bank had entered into loan commitments, in an aggregate principal amount equivalent to \$15,493,527,893, to finance programmes or projects in 89 countries. The loan commitments effective and held by the Bank as at 30th June, 1971 totalled \$9,980,181,357, of which the undisbursed balance was \$3,394,203,765.

Further details of loans made by the Bank which were outstanding at 30th June, 1971 are set out below in "Statement E—Summary of Loans". These loans were made for the following purposes expressed in broad categories: electric power, transportation and communications, industry, agriculture and forestry, water supply, education, family planning, tourism, general development and reconstruction.

The Bank estimates that total disbursements up to 30th June, 1971 for the purchase in the United Kingdom of goods and services financed by Bank loans amounted to the equivalent of approximately \$1,541,000,000.

Other Activities

In addition to its financial operations, the Bank has furnished technical assistance to its member countries, both in connection with and independently of loan applications. Such assistance has taken a variety of forms, including the assignment of qualified technicians to survey development possibilities of member countries, to analyse their fiscal and economic problems, to appraise projects suitable for investment and to assist member countries in drawing up development programmes. To assist the developing countries the Bank has also established an Economic Development Institute: this provides for selected groups of key government officials an intensive course in economic policy and administration. Furthermore, the Bank has on a number of occasions, at the request of member governments concerned, lent its good offices in connection with the settlement of international economic and financial problems.

6. Affiliated Institutions

The activities of the Bank are supplemented by those of two affiliated international institutions, the International Finance Corporation (IFC) and the International Development Association (IDA). Membership of these institutions is open only to member governments of the Bank.

IFC's purpose is to promote economic development by encouraging the growth of productive private enterprise in its member countries and to make investments in such enterprises without a government guarantee. As at 30th June, 1971, 96 governments were members of IFC, which at that date had a subscribed capital of \$107,157,000 all of which had been paid up.

IDA's purpose is to promote economic development in the less developed areas of the world included within IDA's membership by providing finance on terms which are more flexible and bear less heavily on the balance-of-payments than those of conventional loans. As at 30th June, 1971, 107 governments were members of IDA, and their subscriptions and supplementary contributions totalled the equivalent of \$3,015,012,000, and transfers to IDA by the Bank have been made as indicated below. At 30th June, 1971, credit commitments of IDA, net of cancellations, refundings and repayments, totalled the equivalent of \$3,340,051,558. Based on the outcome of discussions among donor countries, the Board of Governors of IDA adopted a resolution on 17th February, 1971 providing for a replenishment of IDA's resources of the equivalent of approximately \$600,000,000 per year for the three-year period ending 30th June, 1974 in order to make available funds for commitment in that period. For the replenishment to become effective, legislative authorisation will be required in certain countries.

Executive Directors of the Bank serve ex officio on the Board of Directors of IFC and as Executive Directors of IDA if in either case they represent at least one government which is a member of the institution concerned. The President of the Bank is also the President of IFC and IDA. IDA and the Bank have the same staff, and IFC, although employing its own staff, shares some staff members with the Bank. However, IFC and IDA are each legal entities which are separate and distinct from the Bank.

Bank Loans to IFC

The Articles permit the Bank to make loans to IFC without government guarantees, subject to the limitation that the Bank may not lend IFC any amount which would increase IFC's total outstanding debt incurred from any source to an amount in excess of four times the total of IFC's subscribed capital and surplus, such total at 30th June, 1971 being \$107,157,000. The Bank has loaned IFC the equivalent of \$220,000,000.

Transfers to IDA

In respect of each of the Bank's seven fiscal years ended on 30th June in 1964 to 1970 the Bank decided that its financial position made it unnecessary to retain all earnings for those years in the business, and that it would transfer as grants amounts aggregating the equivalent of \$485,000,000 out of its earnings for those years to IDA. In addition, the Bank by resolution adopted by the Board of Governors in August, 1971, decided to transfer \$110,000,000 of the net income for the fiscal year ended 30th June, 1971 by way of grant to IDA. In September 1964, the Bank adopted the following statement of policy in connection with transfers of this nature:

"Any transfers to the Association will be made only out of net income which (i) accrued during the fiscal year in respect of which the transfer is made and (ii) is not needed for allocation to reserves or otherwise required to be retained in the Bank's business and, accordingly, could prudently be distributed as dividends."

7. Administration of the Bank

The Bank's administration is composed of the Board of Governors, the Executive Directors, and the President, other officers and staff.

All the powers of the Bank are vested in the Board of Governors. Each member of the Bank is entitled to appoint one Governor and an Alternate Governor who exercise the voting power to which that member is entitled. Each member is entitled to 250 votes plus one vote for each share held. The Board holds regular annual meetings.

There are, at present, twenty-one Executive Directors. The six members having the largest number of shares in the capital of the Bank (the United States, the United Kingdom, Germany, France, Japan and India) have each appointed one Executive Director and the remaining fifteen have been elected by the Board of Governors. The Board of Governors has delegated to the Executive Directors authority to exercise all the powers of the Bank except those reserved to the Governors under the Articles. The Executive Directors function on a board and each Executive Director is entitled to cast the number of votes of the member or members by which he was appointed or elected.

The President is selected by the Executive Directors. Subject to their direction on questions of policy, he is responsible for the conduct of the ordinary business of the Bank and for the organisation, appointment and dismissal of its officers and staff.

Executive Directors

The following is a list of the Executive Directors of the Bank and the member governments by which they were appointed or elected.

Executive Directors	Member Governments
Robert E. Wesczowski	United States
D. J. Mitchell	United Kingdom
Fritz Steffler	Germany

Executive Directors (continued) —

Marc Viénot	France
Setaro Hariri	Japan
S. R. Sen	India
S. Osman Ali (Pakistan)	Iran, Iraq, Jordan, Kuwait, Lebanon, Pakistan, Saudi Arabia, Syrian Arab Republic, United Arab Republic, Yemen Arab Republic, People's Democratic Republic of Yemen
Gioigio Rota (Italy)	Italy, Portugal, Spain
Claude M. Isbister	Canada, Guyana, Ireland, Jamaica
R. Lindsay Knight	Australia, New Zealand, South Africa
André van Campenhout	Austria, Belgium, Luxembourg, Turkey
Donald Bihuta	Botswana, Burundi, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Nigeria, Sierra Leone, Sudan, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia
Reignson C. Chen	China, Korea, Viet-Nam
Alfred Rinnow Kan	Cyprus, Israel, Netherlands, Yugoslavia
Erik Törnqvist	Denmark, Finland, Iceland, Norway, Sweden
Abderrahman Tazi	Afghanistan, Algeria, Ghana, Greece, Indonesia, Khmer Republic, Libya, Morocco, Tunisia
Mohamed Nassim	Cameroun, Central African Republic, Chad, Democratic Republic of Congo, People's Republic of Congo, Dahomey, Gabon, Ivory Coast, Malagasy Republic, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta
Kochman (Mauritania)	Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela
Adrian Lajous	Brazil, Colombia, Dominican Republic, Ecuador, Philippines
Virgilio Barco	Argentina, Bolivia, Chile, Paraguay, Uruguay
Luis B. May	Burma, Ceylon, Laos, Malaysia, Nepal, Singapore, Thailand
Mrs. Suparat	
Yassundara (Thailand)	

Principal Officers

The following is a list of the principal officers of the Bank:

Robert S. McNamara	President
J. Burke Knapp	Vice President and Chairman, Loan Committee
S. Aldewereld	Vice President—Finance
A. Bruchman	Economic Adviser to the President and Chairman, Economic Committee
Hollis B. Chenery	Director Development Services Department
Richard H. Damuth	Vice President
Sir Denis Rickett	Vice President
Mohamed Shoaib	Treasurer
Eugene H. Rouberg	Controller
K. Georg Gabriel	Secretary
M. M. Mandals	

*Member, the President's Council

8. The Articles of Agreement

The Articles constitute the Bank's governing charter. They establish the status, privileges and immunities of the Bank, prescribe the Bank's purposes, capital structure and organisation, authorise the operations in which it may engage and prescribe limitations on the carrying on of those operations. The Articles also contain, among other things, provisions with respect to the admission of additional members, the increase of the authorised capital of the Bank, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by the Bank, the distribution of the net income of the Bank to its members, the withdrawal and suspension of members and the suspension of operations of the Bank.

The Articles provide that they may be amended (except for certain provisions the amendment of which requires acceptance by all members) by consent of three-fifths of the members having four-fifths of the total voting power. The Articles further provide that questions of interpretation of provisions of the Articles arising between any member and the Bank or between members of the Bank shall be decided by the Executive Directors. Their decisions may be referred by any member to the Board of Governors whose decision is final. Pending the result of such reference the Bank may act on the basis of the decision of the Executive Directors.

9. Legal Status, Privileges and Immunities

The Articles contain provisions which, as applied by legislation of each of its members, accord to the Bank legal status and certain immunities and privileges. The following is a summary of the more important of these provisions:—

The Bank has full legal personality with capacity to make contracts, to acquire and dispose of property and to sue and be sued. Actions may be brought against the Bank in the territories of any member in which the Bank has an office, has appointed an agent for accepting service or notice of process, or has issued or guaranteed securities, but no actions against the Bank may be brought by its members or persons acting for or deriving claims from its members.

The archives of the Bank are inviolable. The assets of the Bank are immune from seizure, attachment or execution prior to delivery of final judgment against the Bank.

The Bank, its assets, property, income, and its operations and transactions authorised by the Articles, are immune from all taxation and from all customs duties. The Bank is also immune from liability for the collection or payment of any tax or duty. No taxation of any kind may be levied on any obligation issued by the Bank or interest thereon which discriminates against such obligation solely because it is issued by the Bank, or if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, mode payable or paid, or the location of any office or place of business maintained by the Bank.

Although not a member of the Bank, Switzerland has entered into an agreement with the Bank which recognises the Bank's international personality and legal capacity (including status in respect of suits brought against the Bank) and grants privileges and immunities which correspond in large part to those which the Bank enjoys in the territories of its members.

Continued on Page

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

FINANCIAL STATEMENTS

Apart from certain additional information in Statement B relating to the four fiscal years ended 30th June 1970, the following statements have been extracted from the audited financial statements of the Bank for its fiscal year ended 30th June 1971. There is also set out the opinion of the Independent Auditor on these statements as expanded to include reference to the additional information mentioned above.

Statement A.—BALANCE SHEET AT 30th JUNE 1971

Expressed in United States Currency (in thousands) — See Notes to Financial Statements

ASSETS		LIABILITIES, RESERVES AND CAPITAL	
	\$		\$
Due from Banks and Other Depositories		Liabilities	
Unrestricted currencies	51,337	Accrued interest on borrowings	118,087
Currencies subject to restrictions—Note A	73,029	Accounts payable and other liabilities	18,349
		Due to International Development Association	235,815
		Undisbursed balance of effective loans (See Statement E)	
Investments	124,363	Held by Bank	3,394,203
Investments of governments and their instrumentalities (at cost or amortized cost; face amount \$1,226,845)	1,216,369	Agreed to be sold	8,511
Time deposits (at cost or amortized cost; face amount \$985,471)	985,424		
Accrued interest	55,812	Funded debt (See Statement F)	5,424,162
		(Including amount due within one year \$573,438)	
Receivable on account of Subscribed Capital (See Statement D) — Note A	2,290,405	Reserves	
Non-repayable, non-interest bearing demand notes	382,391	Special reserve—Note B	292,172
Amounts required to maintain value of currency holdings	2,899	Supplemental reserve against losses on loans and guarantees and from currency devaluations—Note C	1,151,563
			1,444,155
Loans (See Statement E)	11,327,381	Capital	
Less—Loans signed but not yet effective	1,247,180	Capital stock (See Statement D) — Note D	
Effective loans (including undisbursed balance \$3,394,203)	9,980,181	Authorized 270,000 shares of \$100,000 per value each	
Accrued Charges on Loans	107,673	Subscribed 238,710 shares	23,871,000
Receivable from Purchases on Account of Effective Loans Agreed to be Sold (including undisbursed balance \$9,811)	13,883	Less—Unallocated portion of subscriptions—Note E	21,483,800
Unamortized Bond Insurance Costs	38,715		
Land and Buildings	41,293	Payments on account of pending subscriptions	2,387,100
Less—Reserve for depreciation	4,827	Net income—Note C	408
		Fiscal year to date (See Statement B)	211,747
Other Assets			
Special Reserve Fund Assets—Note B			
Investment securities—Obligations of United States Government and its instrumentalities (at cost or amortized cost; face amount \$288,141)	282,072		
Accrued loan commissions	100		
Total	13,246,537	Total	13,246,537

Statement D.—SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER AT 30th JUNE 1971

Expressed in United States Currency (in thousands) — See Notes to Financial Statements

Member	Subscriptions		In United States dollars		Voting Power	
	Shares	Percent of total	Amount (Note D)	Amount (Note D)	Number of votes	Percent of total
Algeria	300	.13	30,000	300	1,200	.50
Argentina	800	.34	80,000	800	3,200	1.30
Australia	3,733	1.56	373,300	15,772	15,772	6.31
Austria	5,330	2.23	533,000	22,320	22,320	8.93
Belgium	1,887	.78	188,700	7,548	7,548	3.02
Bolivia	5,545	2.32	554,500	22,180	22,180	8.87
Brazil	210	.09	21,000	210	840	.33
Bulgaria	3,733	1.56	373,300	15,772	15,772	6.31
Canada	607	.25	60,700	2,428	2,428	.97
Central African Republic	150	.06	15,000	150	600	.24
Ceylon	827	.34	82,700	3,308	3,308	1.32
Chad	100	.04	10,000	100	400	.16
China	933	.39	93,300	3,732	3,732	1.49
Colombia	7,500	3.14	750,000	30,000	30,000	11.93
Congo, Dem. Rep. of	960	.40	96,000	3,840	3,840	1.53
Congo, People's Rep. of (1)	100	.04	10,000	100	400	.16
Cote d'Ivoire	107	.04	10,700	428	428	.17
Cyprus	213	.09	21,300	852	852	.33
Dahomey	100	.04	10,000	100	400	.16
Denmark	2,211	.93	221,100	8,844	8,844	3.52
Dominican Republic	143	.06	14,300	572	572	.23
Ecuador	171	.07	17,100	684	684	.27
El Salvador	107	.04	10,700	428	428	.17
Equatorial Guinea	114	.05	11,400	456	456	.18
Ethiopia	114	.05	11,400	456	456	.18
Fiji	111	.05	11,100	444	444	.17
Finland	1,333	.55	133,300	5,332	5,332	2.13
France	10,300	4.40	1,030,000	41,200	41,200	16.56
Gabon	100	.04	10,000	100	400	.16
Gambia, The	53	.02	5,300	212	212	.08
Germany	13,853	5.72	1,385,300	55,412	55,412	22.35
Ghana	734	.31	73,400	2,936	2,936	1.17
Greece	667	.28	66,700	2,668	2,668	1.07
Guatemala	107	.04	10,700	428	428	.17
Guyana	200	.08	20,000	800	800	.32
Haiti	180	.07	18,000	720	720	.28
Honduras	150	.06	15,000	600	600	.24
Iceland	150	.06	15,000	600	600	.24
India	3,000	1.25	300,000	12,000	12,000	4.80
Indonesia	2,200	.92	220,000	8,800	8,800	3.52
Iran (2)	1,238	.51	123,800	4,952	4,952	1.98
Iraq	640	.27	64,000	2,560	2,560	1.02
Israel	853	.35	85,300	3,412	3,412	1.36
Italy	969	.40	96,900	3,876	3,876	1.55
Japan	6,860	2.79	686,000	27,440	27,440	10.97
Jamaica (2)	200	.08	20,000	800	800	.32
Jordan	10,230	4.29	1,023,000	40,920	40,920	16.37
Korea	193	.08	19,300	772	772	.31
Kuwait	333	.14	33,300	1,332	1,332	.53
Laos	200	.08	20,000	800	800	.32
Lebanon	300	.12	30,000	1,200	1,200	.48
Lesotho	32	.01	3,200	128	128	.05
Libya	213	.09	21,300	852	852	.33
Madagascar	200	.08	20,000	800	800	.32
Malaysia	200	.08	20,000	800	800	.32
Maldives	133	.05	13,300	532	532	.21
Mali	172	.07	17,200	688	688	.27
Mauritania	100	.04	10,000	400	400	.16
Mauritius	188	.08	18,800	752	752	.30
Mexico	2,000	.82	200,000	8,000	8,000	3.20
Morocco	2,000	.82	200,000	8,000	8,000	3.20
Nepal	100	.04	10,000	400	400	.16
Netherlands	6,923	2.84	692,300	27,692	27,692	11.08
New Zealand	1,657	.68	165,700	6,628	6,628	2.65
Nicaragua	80	.03	8,000	320	320	.12
Niger (1)	100	.04	10,000	400	400	.16
Nigeria	1,067	.44	106,700	4,268	4,268	1.71
Norway	1,600	.66	160,000	6,400	6,400	2.56
Pakistan	2,000	.82	200,000	8,000	8,000	3.20
Panama	179	.07	17,900	716	716	.28
Paraguay	160	.06	16,000	640	640	.25
Peru	636	.26	63,600	2,544	2,544	1.02
Philippines	1,173	.48	117,300	4,692	4,692	1.88
Portugal	300	.12	30,000	1,200	1,200	.48
Rwanda	180	.07	18,000	720	720	.28
Saudi Arabia	100	.04	10,000	400	400	.16
Senegal	333	.14	33,300	1,332	1,332	.53
Sierra Leone	150	.06	15,000	600	600	.24
Singapore	320	.13	32,000	1,280	1,280	.51
South Africa	150	.06	15,000	600	600	.24
Spain	2,133	.89	213,300	8,532	8,532	3.41
Sudan	2,867	1.12	286,700	11,468	11,468	4.59
Sweden	600	.25	60,000	2,400	2,400	.96
Switzerland	84	.03	8,400	336	336	.13
Switzerland	2,400	1.01	240,000	9,600	9,600	3.84
Syrian Arab Republic	333	.14	33,300	1,332	1,332	.53
Tanzania	333	.14	33,300	1,332	1,332	.53
Thailand	1,013	.43	101,300	4,052	4,052	1.62
Togo (1)	150	.06	15,000	600	600	.24
Trinidad and Tobago (2)	467	.19	46,700	1,868	1,868	.75
Tunisia	373	.15	37,300	1,492	1,492	.59
Turkey	1,150	.48	115,000	4,600	4,600	1.84
Uganda	333	.14	33,300	1,332	1,332	.53
United Arab Republic	1,421	.58	142,100	5,684	5,684	2.27
United Kingdom (1)	26,000	10.88	2,600,000	104,000	104,000	41.60
United States	63,600	26.60	6,360,000	254,400	254,400	101.76
Upper Volta	100	.04	10,000	400	400	.16
Yugoslavia	411	.17	41,100	1,644	1,644	.66
Zambia	1,857	.76	185,700	7,428	7,428	2.97
Zimbabwe	427	.18	42,700	1,708	1,708	.68
Yemen Arab Republic	86	.04	8,600	344	344	.14
Yemen, People's Dem. Rep. of	225	.09	22,500	900	900	.36
Yugoslavia	1,067	.44	106,700	4,268	4,268	1.71
Zambia	833	.34	83,300	3,332	3,332	1.33
Zimbabwe	237	.10	23,700	948	948	.38
Total	238,710	100.00	23,871,000	954,840	954,840	100.00

(1) Amounts aggregating the equivalent of \$2,683,321, receivable as a result of revaluation of these currencies, are not included in the "Amounts Paid in" column.
(2) The amount of \$405,000 has been received from members on account of increases in subscriptions which are in process of completion: Jamaica \$48,000, Iran \$294,000, Trinidad and Tobago \$63,000.

Statement B.—INCOME AND EXPENSES FOR THE FIVE FISCAL YEARS ENDED 30th JUNE 1971

Expressed in United States Currency (in thousands) — See Notes to Financial Statements

	1967	1968	1969	1970	1971
Income from investments (1)	71,955	65,731	88,133	148,217	187,248
Income from loans:					
Interest	247,185	274,903	302,904	326,620	358,958
Commissions	7,885	8,007	11,391	17,913	24,310
Service charges	102	85	84	48	21
Other income	4,305	7,568	7,787	10,788	7,015
Gross income	331,327	356,994	410,299	504,588	577,552
Deduct—amount equivalent to commissions appropriated to Special Reserve—Note B	685	695	495	382	285
Gross income less Reserve Deduction	331,244	356,294	410,279	504,206	577,267
Expenses:					
Administrative expenses (2)	30,784	28,796	41,325	45,453	56,394
Interest on borrowings	128,702	151,134	194,472	242,373	304,973
Goodwill and other intangible assets	2,093	2,285	2,873	3,549	4,121
Depreciation on fixed assets	69	6	171	41	315
Gross expenses	161,558	182,220	240,775	291,416	365,803
Net income—Note C	169,686	174,074	171,434	212,790	211,464
Disposition of Net Income:					
Allocated to supplemental reserve against losses on loans and guarantees and from currency devaluations	158,686	94,124	71,438	112,889	158,686
Retained to I.D.A.	10,000	75,000	100,000	100,000	75,000
(1) Included in net capital gain (loss) resulting from the sale of investments of \$192,470—1967, (\$88,744)—1968, (\$1,043,732)—1969, (\$1,402,770)—1970, \$7,890,414—1971, (\$88,744)—1968, (\$1,043,732)—1969, (\$1,402,770)—1970, \$7,890,414—1971, (\$88,744)					
(2) All administrative expenses of the Bank and the International Development Association and a portion of the expenses of the International Finance Corporation are paid by the Bank. A "Management Fee" charged to the Association and a "Service and Support Fee" to the Corporation representing their respective shares of the costs. The administrative expenses shown are net of the "Management Fee" (\$4,218,061—1967 and 1968, \$4,200,000—1969, \$15,500,000—1970 and \$20,100,000—1971) and the "Service and Support Fee" (\$1,748,000—1970 and \$2,100,000—1971). On 1st July 1970 the Bank commenced changing the "Service and Support Fee" which replaced a cost-sharing arrangement with the Bank covering certain categories of expenses.					

Statement E.—SUMMARY OF LOANS AT 30th JUNE 1971

Expressed in United States Currency (in thousands) — See Notes to Financial Statements

Members liable as borrower or guarantor (1)	Disbursed portion	Undisbursed portion (2)	Effective loans	Loans not yet effective (3)
	\$	\$	\$	\$
Algeria	10,815	—	10,815	—
Argentina	184,560	130,094	324,884	148,571
Australia	124,975	9,843	134,819	22,275
Austria	48,318	—	48,318	—
Belgium	20,807	—	20,807	—
Bolivia	—	—	—	23,250
Botswana	—	—	—	32,000
Brazil	289,175	377,689	666,864	160,080
Bulgaria	12,844	—	12,844	—
Cameroon	5,403	31,897	37,100	—
Ceylon	26,334	33,011	59,345	—
Chile	118,681	41,007	159,688	—
China	84,571	132,035	226,906	68,900
Colombia	372,772	184,773	567,545	152,830
Congo, People's Republic of	28,580	—	28,580	—
Costa Rica	40,842	26,420	67,262	—
Cyprus	16,059	14,408	30,467	5,400
Denmark	28,859	—	28,859	—
Dominican Republic	19,742	41,259	25,000	—
Ecuador	32,575	6,230	38,803	8,000
El Salvador	24,434	5,771	30,206	—
Ethiopia	81,142	25,511	76,783	—
Fiji	—	—	—	11,800
Finland	120,721	33,542	154,263	—
France	6,942	—	6,942	—
Gabon	15,449	2,886	16,335	—
Ghana	42,749	5,046	47,795	—
Guatemala	17,605	—	17,605	24,500
Guatemala	15,865	12,608	28,173	4,000
Guinea	36,337	28,153	64,500	9,000
Guyana	1,105	599	7,800	5,000
Haiti	—	—	—	6,400
Honduras	32,130	9,500	41,630	—
India	20,146	3,348	23,494	—
Indonesia	45,817	88,387	576,584	—
Iran	181,753	24,019	425,568	36,000
Iraq	13,080	5,038	18,088	—
Ireland	6,289	27,238	33,627	10,000
Israel	84,003	41,843	128,846	—
Italy	17,789	—	17,789	—
Jamaica	9,183	33,017	41,180	28,000
Japan	31,779	12,976	44,755	12,500
Jamaica	468,620	—	469,620	23,900
Kenya	10,574	28,789	34,360	—
Kenya, Tanzania and Uganda (4)	54,483	83,717	138,200	—
Korea	18,288	90,741	108,009	84,300
Lebanon	17,600	—	17,600	—
Liberia	7,243	7,707	14,950	—
Malaysia	3,600	7,600	11,000	—
Malaysia	151,500	87,814	239,114	34,275
Mexico	620,822	143,484	764,282	73,800
Mexico	89,155	—	135,450	35,000
New Zealand	90,489	15,746	96,232	—
Nicaragua	28,009	8,857	36,865	—
Nigeria	190,286	141,084	291,330	7,200
Pakistan	76,119	—	76,119	—
Pakistan	34,739	115,482	162,721	—
Panama	7,135	41,824	48,739	—
Paraguay	7,721	53,227	17,060	—
Peru	12,088	12,088	177,395	—
Philippines	127,322	71,507	198,823	8,000
Portugal	51,015	263	51,278	—
Senegal	2,120	1,430	3,550	—
Sierra Leone	4,284	—	4,284	22,500
Singapore	60,098	29,004	89,102	—
South Africa	2,106	—	2,106	—
Spain	153,720	54,404	208,124	102,700
Sweden	10,119	9,888	102,208	—
Tanzania	4,487	37,723	42,110	—
Thailand	159,952	91,648	241,638	—
Trinidad and Tobago	8,108	19,929	24,735	3,000
Tunisia	43,621	—	43,621	22,500
Turkey	67,225	65,843	136,768	5,000
United Arab Republic	18,050	—	18,050	—
United Kingdom	84,540	—	84,540	—
Uruguay	50,000	21,595	71,769	4,000
Venezuela	214,434	48,216	262,580	33,950
Yugoslavia	255,269	156,433	411,692	89,950
Zambia	26,521	72,719	99,640	—
Sub Total members (1)	6,451,162	3,252,103	8,703,285	1,347,180
International Finance Corporation	—	—	—	—
Total	57,900	142,100	200,000	—
	6,509,062	3,394,203 (5)	8,903,285	1,347,180
Add: Exchange adjustments	76,818	—	76,818	—
	6,586,878	—	8,980,101	—

Businessman's Diary

Handling show

S. Africa

first international mechanical handling exhibition to be held in South Africa will be at Park Jobannesburg, from 15-20, 1972. The market for lifting equipment is developing at 12 per cent a year and exhibitors at the show are expected from many countries. It is planned that there should be an extensive British section joint venture facilities are offered by the Department of Trade and Industry. The exhibitors will arrange group air travel, customs and on-site assembly exhibits. Sponsoring the show is the Engineering and Building Centre which charge an administration fee of more than £175 for the use of services available. The British display is expected to occupy some 30,000 square feet and because of the scale of the exhibition it will be able to negotiate larger areas than the normal 150 square feet in the joint venture terms.

Research and development

40 organisations are to part in the International Research and Development Exhibition which will be at Olympia, London, from October 25-28. They include the National Research and Development Council, the Institute of Physics, manufacturing companies and research bodies. During the event there will also be a conference the first day of which (October 25) will be devoted to new materials and following day's subject will be materials problems under environmental conditions.

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Gifts Fair (cl. Aug. 12)	Earls Court
August 10-14	Ideal Home Exhibition	Drill Hall, Northampton
August 15-19	British Musical Instrument Trade Fair	Bloomsbury Ctr. Htl., W.
August 16-19	British Furniture Manufacturers Trade Exhibition	Belle Vue, Manchester
August 22-26	Midlands Gift Fair	City Hall, Solihull
August 23-Sept. 4	World Sportacular	Earls Court
August 31-Sept. 11	Intl. Handicrafts and Do-It-Yourself Exhibition	Olympia
Sept. 2-24	Intl. Audio-Visual Aids Conference & Exhibition	Exhibition Centre, W.C.1
Sept. 2-24	Brassfoundry Exhibition	Victoria Rooms, Bristol
Sept. 5-9	West of England Gift Fair	Exhibition Hall, Harrogate
Sept. 7-10	Northern Floor Coverings Fair	Olympia
Sept. 9-18	International Laundry & Dry Cleaning Exho.	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	Royal Nat. Agric. and Industrial Show (cl. Aug. 14)	Brisbane
Current	Alsatian Wine Fair (cl. Aug. 15)	Colmar, France
Current	International Trade Fair (cl. Aug. 22)	Messico, Italy
Current	Timber Fair (cl. Aug. 15)	Klagenfurt, Austria
August 12-21	International Trade Fair	Sydney
August 13-22	Swedish Trade Fair	Malmö
August 16-21	Education and Careers Exhibition	Johannesburg
August 18-Sept. 4	International Trade Fair	Wellington
August 20-23	International Men's Fashion Week	Cologne
August 23-28	Surgery Congress and Exhibition	Moscow
August 26-Sept. 11	Exhibition on Information Processing	Ljubljana
August 27-Sept. 12	International Trade Fair	Reykjavik, Iceland
August 27-Sept. 12	Radio, Television and Record Exhibition	Berlin
August 28-Sept. 12	International Trade Fair	Algiers
August 30-Sept. 5	International Autumn Fair	Frankfurt
Sept. 2-6	Fashion Week	Berlin
Sept. 3-11	International Motor Show	Milan
Sept. 4-11	Irish International Food and Drink Fair	Sedney
Sept. 5-7	International Household Goods & Hardware Fair	Dublin
Sept. 5-12	International Autumn Trade Fair	Cologne
Sept. 5-12	Gifts and Objects d'Art Exhibition	Vienna
Sept. 5-12	Autumn Fair	Brussels
Sept. 5-13	Jewellery, Gold and Silverware Exhibition	Leipzig
		Paris

BUSINESS AND MANAGEMENT CONFERENCES

Current	HMP Soc. Mgmt. Services: Work Sty. (cl. Aug. 27)	Beeston, Nottingham
August 13	J. Morrell: Which Way for the Stock Market	Hilton Hotel, W.
August 16-20	Mgmt. Studies: Scientific Stock Control	Alexandra National Hotel, N.
August 23-27	Guardian Business: Instructor Training	21, St. John Street, W.C.1
August 28	Bank Education Services Conference	Bloomsbury Ctr. Htl., W.C.1
August 30-Sept. 10	PE Consulting Group: Modern Financial Mgmt.	Executive Devel. Ctr., Egham
Sept. 1-2	InComTec: Field Selling Operations	Piccadilly Hotel, W.
Sept. 2	Training for Bus: Computer Originated Microfilm	Bloomsbury Centre Htl., W.C.1
Sept. 5-10	Peat Marwick Mitchell: Production Mgmt.	Elvetham Hall, Hart. Witney
Sept. 6-7	Flo. Techniques: Company Taxation	Connaught Rooms, W.C.2
Sept. 6-8	IPM: Staff Appraisal and Mgmt. Development	Berners Hotel, W.

Italian coalition weathers summer storm

BY PETER TUMIATI

A vote in the Italian Senate today approving a somewhat amended version of the Government's housing and tax reform, Signor Emilio Colombo's centre-left coalition has weathered safely the mid-summer storm which up to a day ago had been expected to sink it. The heatwave and unanimous desire of the politicians of all the parties to get away from Rome for the summer holidays on the beaches or in the cool of the mountains have won the day.

The Senate is not due to reassemble until September 30. As they have been amended, the housing and tax Bills will now have to go back to the Chamber of Deputies, but this will not be before autumn.

The next major hurdle for the

Government will come in October when the weather will no longer be a strong ally. Even so, it may succeed in surviving until the year-end presidential election is over because practically all potential opponents are reluctant to take on the job for just a couple of months. The Government has to tender its resignation automatically when a new President of the Republic is elected.

In the past quarter of a century such resignations have never been purely formal gestures.

A great deal will depend on the economic situation in autumn. If it deteriorates any further, even Signor Colombo's ability to keep Christian Democrats and Socialists together in a coalition by means of masterly inaction may no longer suffice.

ROME, August 8.

THE WEEK IN THE COURTS

A new species of capital gain—the 'golden embrace'

BY JUSTINIAN

ANY OBSERVER of the legal scene might be forgiven for doubting whether the law vacuum had really begun a week ago. If there was no visible activity around the Law Courts in the Strand the purveying of legal news kept pace in the Press.

The Oz trial at the Old Bailey saw the wizards of the underworld press entangled with the consequences of their conviction of publishing an obscene magazine. A man from Nagaland who had gained entry into Britain with a forged passport risked a West London Magistrates' Court a constitutional issue as to whether his homeland on the Indo-Burmese border was part of India, and as such made him a Commonwealth citizen liable to deportation. And the G inquiry at Church House straddled on with continuing assertions of negligence by civil servants in the Department of Trade and Industry—some forensic arrows being fired by the last Labour Government's Attorney-General, who no doubt had some indirect ministerial responsibility for the actions of the department of State.

City interest

To keep alive the notion that the lawyers had not yet taken to the beaches, the daily Law Reports in The Times continued all last week to record the flurry of decisions handed down before the High Court officially broke up for the Long Vacation. One such case, the decision of Mr. Justice Megarry in a tax appeal, *Prichard (Inspector of Taxes) v. Arundale*, will arouse considerable City interest and attract the reflex action of the inland Revenue. Those who recall the balmy days of the untaxed 'golden embrace' will have visions of a new species of capital gain which might be termed the 'golden embrace'.

Before 1960, when any sum was paid to an employee (usually a company director) in return for the premature ending of his contract, it was possible for the em-

ployee to part company with his employer handsomely recompensed—untaxed. If there was a previous arrangement that the sum would be paid (such as a provision in the articles of association) that was no good; the sum would be treated as deferred remuneration and taxed under Schedule E. If the payment was in anticipation of future services to be undertaken by the employee, that too was caught; it would be treated as advance remuneration, taxed under Schedule E. But if the payment was not related to services already rendered or to be rendered, but was paid as a *quid pro quo* for the release of the employee's obligations under the service agreement, it escaped tax because it was not an emolument from employment. Thus the golden embrace was born. Many a company director took his retirement before he was due to leave the company, in the form of a lump sum compensation for work he would have earned in the autumn of his business life.

Golden embraces were not altogether well-received, and Parliament in the Finance Act 1960 put a damper on this tax avoidance device. Payments by way of compensation for loss of office and also by way of retirement gratuities were thereafter treated as earned income, save that the first £5,000 is exempted from tax.

Lucrative

Mr. Clifford Arundale had been a chartered accountant for 25 years, practising for most of that time as a senior partner in a firm of accountants in the north-west of England. A great personal friend of his found himself in 1960 with three companies to control and separate businesses to manage. He failed to find suitable senior management, but ultimately prevailed upon Mr. Arundale to give up his lucrative accountancy practice and manage his friends' companies. Reluctantly in 1962 he did so. The inducement to him

to switch jobs was that in addition to a salary of £5,500 a year for seven years initially, the friend undertook to transfer to Mr. Arundale 4,000 of his shares in the company. The agreement containing this undertaking was between Mr. Arundale, his friend and the company.

The shares were duly transferred. Mr. Arundale was then assessed to tax on the footing that the shares constituted an emolument of his employment. The Revenue took the view that, like the employer who is paid money in anticipation of future services, which is taxable, Mr. Arundale's right to the shares was a reward for his future services.

Rejected

Mr. Justice Megarry rejected the Crown's contention. Because the friend's undertaking was in return for Mr. Arundale's agreement to become the managing director it did not conclude the issue. A *quid pro quo* was by no means the same as cause and effect. The payment must be linked to the taxpayer's services not by word but by reality. The reality in this case was that there was an out-and-out transfer of the shares for entering into the contract to render services in the future—crucially, a bribe to induce Mr. Arundale to enter a service agreement with the company. Moreover, it was not the employer, the company, which was transferring the shares, but Mr. Arundale's friend.

Mr. Arundale was a professional man who in midlife had abandoned a lucrative practice to which he would not be likely to return. He could reasonably expect to receive something for the abandonment of his chosen career in accountancy. And that was a matter unconnected with any 'emoluments' arising from his employment as managing director. Thus the 'golden embrace' was born. Will the legislature similarly respond by treating such payments, less the first £5,000, as earned income?

Wates Foundation grants total nearly £1m.

BY H. A. N. BROCKMAN, ARCHITECTURE CORRESPONDENT

NEARLY £1m. has now been distributed as grants for deserving enterprises by the Wates Foundation. This Foundation was initiated in 1963 by the three brothers, Norman, Ronald and Allan Wates, who amalgamated their three existing charitable trusts into one activity. Norman Wates died in 1969, but his place has been filled by his son Neil.

The money available for this philanthropic foundation has derived from Wates Ltd., the building company which has done so much to combine the economic viability of private housing with an outlook of design, amenity and setting which must be the envy of many less successful but also less conscious building developers. The trustees' net is wide. Their gifts have benefited science, medical research, social welfare, religion, the socially deprived, and the problems constantly being raised within the hard-pressed prison service.

First phase

Their consultant, to whom great tribute is paid in Wates' report on the first phase of the foundation is Lord Evans of Hungersbail who, with one secretary, has conducted its business throughout. From this year the Foundation will have available an annual income for distribution of some £200,000.

The Foundation is now discussing with University College, London, the possibility of a grant of £25,000 towards construction of a centre for the fast-growing Department of Environmental Studies.

It has also been pursuing the possibility of publishing the texts of some of the most important medieval building accounts: those of Henry III which include ones for the construction of Westminster Abbey.

But among its principal benefactions must be noted the £75,000 support for visits by British scientists to Japan and the encouragement of reciprocal visits: help to young scientists from the schools into scientific and technological occupations and a £10,000 grant to the funds for exchange visits of distinguished scholars in the humanities.

In medicine, grants have included those towards kidney research; for the building of a centre for mental retardation and research; a research grant to the National Society for Handicapped Children; and a substantial list of grants in other important medical fields. Of importance is the recognition of biomedical engineering resulting in the establishment of a department in this subject at King's College, London.

The Foundation has set aside funds to encourage the formation of an Institute of Penology to

examine recruitment and professional status of prison officers and has assisted the formation of a prisoners' wives service. A van and a year's salary of a social worker have been provided for 'Jezebels' Refuge.

The Church is being supported by encouraging the activities of those with deep interests in social

justice and a substantial grant made for 'urban training' at Coventry Cathedral.

The Foundation's selection for the distribution of funds is far from easy but the determination to benefit from their already wide experience is made abundantly clear in this report.

F.T. Awards for Industrial Photography: panel named

BY JOHN CHITTOCK, INDUSTRIAL FILM CORRESPONDENT

WITH just three months to go before the closing date for entries, the names of the assessors have been announced for this year's Financial Times Photography Awards. Organised in association with the Institute of Incorporated Photographers, the awards are aimed at improving standards and enhancing the status of industrial photography in Britain.

Mr. Campbell Adamson, director-general of the Confederation of British Industry, will represent the industrial and management point of view on this year's panel of assessors. The remainder of the panel comprises distinguished experts in the photographic world: Mr. Walter Nurnberg, doyen of industrial photographers and now director of communication studies and photography at West Surrey School of Art and Design; Mr. Peter Bourne, president of the Institute of Incorporated Photographers; and Mr. Geoffrey Crawley, editor and director of the British Journal of Photography.

The competition provides a

number of categories which cover general and specialist aspects of industrial photography. The major award, for the Industrial Photographer of the Year, goes to the best portfolio of 10 U.K. citizen and carries a £250. Companies responsible for the commissioning of winning entries also receive trophies. The awards will be presented by S. Gordon Newton, editor of the Financial Times, at a luncheon to be held at Saddlers' Hall, London, next February.

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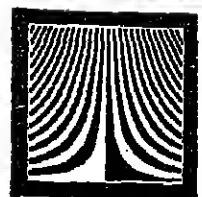
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

BP offers licence

BRITISH Petroleum's isomerisation process converts low-octane number normal paraffins to highly branched iso-paraffins of high octane number which can be included in motor gasoline blends, reducing the requirement for anti-knock lead additive. Isomerisation is effected by a platinum-alumina base catalyst. The company has now authorised Engelhard Minerals and Chemicals Corporation of U.S.A. to receive and progress technical inquiries on the isomerisation process on a world-wide basis. The process is available under licence from BP Trading, Moor Lane, London, E.C.2.

With the recent successful start-up of a 5,000 barrels a day unit at BP Italiana S.p.A. refinery at Volpiano, near Turin, there are

now in commercial operation three BP isomerisation process units with a total capacity of 15,000 barrels a day for the upgrading of pentane and hexane feedstocks. Antar Petroles de L'Atlantique employ isomerisation at Donses in Brittany and Industria Rafinazione Oli Minerali use the process at an installation near Venice.

Three more units with a total capacity of more than 24,000 barrels a day are either under construction or at the design stage.

Catalyst base for these units is being supplied from production facilities of either Engelhard Minerals and Chemicals Corporation in the U.S. or those of its affiliates. Kalschemie-Engelhard, in Hanover, West Germany.

Lengthens the life of cloth

AS a result of development work on Northern Rubber Company's back-coating unit, the company is now offering a fabric impregnation service.

The process enables the company to impregnate many materials with various combinations of resins for extending the life of either natural or synthetic cloths. Fabric to be treated is brushed, vacuumed and then passed through a trough containing the resin mixture.

Rollers then squeeze out excess liquid, water is evaporated and then the resin is polymerised. Impregnation, a kind of "semi-starching" process for stabilising fabric, doubles resistance to abrasion, prevents seam slippage, laddering and fraying and reduces shrinkage by up to 10 per cent, according to the company.

Northern Rubber is able to treat most types of natural and man-made fibre cloths, but only quantities of nominal 5,000 yards or more are accepted, as the 120 feet long plant is operated in a continuous running basis.

However, the company accepts mill samples from customers for demonstration purposes. The company which is at Retford, Notts., is a member of the Regier-Hattersley Group.

Ultraviolet high speed ink drying

PRINTING inks usually depend on either stock penetration, oxidation, application of heat, or moisture setting for drying. All of these methods have certain disadvantages.

It is claimed that a new method of drying with ultraviolet energy and photosensitive inks has many advantages over conventional systems. In sheet fed work there will no longer be the need to wait overnight for drying by oxidation. Spray powder becomes unnecessary, and because of the press stability of the new ink there is no downtime caused by drying on the press or by machine wash-ups.

The ink, the Ultraking range, has been developed by the Fishburn Printing Ink Company, St. Albans Road, Watford, WD2 4BU, mainly for lithographic printing. On a production two-colour sheet-fed lithopress they have demonstrated the drying of photosensitive inks on both paper and board at speeds of 5,000 l.p.m. In the U.S. the ink has been used on a four-colour web-offset press at speeds of 1,000 l.p.m.

The UV cure technology can be applied to letterpress printing, and work on overprint varnishes, functional coatings and flexography inks is in progress.

● COMPUTERS

Grant for Dataterm 3 from NRDC

THE National Research and Development Corporation (NRDC) has agreed to provide up to £100,000 for the further development of Dataterm 3, the data capture terminal/reader made by Data Recognition of Lovelock Road, Reading, B.R.shire. The money will be repaid by a percentage of sales of products resulting from the agreement.

Formed about 3½ years ago, Data Recognition specialises in optical mark reading (OMR) techniques which enable data prepared in the form of simple hand or machine-made marks on documents to be converted automatically into a form suitable for computer processing, thus avoiding the need to key punch.

The company has recently supplied a Dataterm 3 machine to the Medical Computing Services Department of Charing Cross Hospital. It will be used initially in conjunction with a paper tape punch to convert data, recorded by doctors, laboratory and administrative staff as marks on pre-printed forms, into punched tape for input to a computer, but eventually will be connected on-line to an in-house computer.

ERA studies peripherals

TWO further new studies concerning minicomputers are to be undertaken by the Electrical Research Association, of Cleve Road, Leatherhead, Surrey. One will be directed towards peripherals suitable for these smaller machines and the other will examine interfaces between minicomputers and their peripherals.

With peripherals forming an increasing proportion of system cost, ERA believes that there is an urgent need for an independent and reliable assessment of the peripheral market, and that their independence of commercial interest gives them a major advantage in carrying out this kind of work.

ERA says that the practice of purchasing a computer system from a single supplier is becoming

less attractive as minicomputers become more powerful and are built into increasingly complex systems. The process studies group at the association is to devote several man years to a detailed study of the engineering aspects of interfacing a range of devices in minicomputers, together with a study in depth of the technology, performance and availability of minicomputer peripherals.

The studies will mainly address themselves to the needs of users. However, ERA says that they will be of direct concern to suppliers of equipment, and consultants, from whom it would like to hear if not already approached.

The results of each project will be available only to organisations that support it financially. This shared cost arrangement, says ERA, provides clients with the unique opportunity to derive maximum benefit at low cost for many man years of effort expended by the association.

The project fee is £175 for ERA members and £200 for others.

● MATERIALS

Insulation in furnaces

FOUR grades of slab insulation material for furnaces developed by the Skamol Group of Denmark are now being marketed in the U.K. by Refractulation of Arcade Chambers, Eltham High Street, London, SE8.

The standard slab insulation, say this company, is basically made of calcined diatomaceous earth and is suitable as a back-up insulation for temperatures up to 950°C. It is softish in texture to incorporate a degree of compressibility in order to take up any undue stresses in refractory brickwork.

Rigid slab insulation, manufactured from the same raw material as the standard, but harder in texture and greater in density, has a maximum temperature range as back-up medium of 750°C. In order to increase its structural stability it has no compressibility.

For situations where the interface temperature can be as high as 1,100°C, a vermiculite based slab is available, while a composite slab based on vermiculite on the hot face and diatomaceous earth on the back can be used for temperatures up to 1,100°C. The slabs are supplied in maxi-



Now being produced by Rempstone Engineering of Loughborough, Leics., this bench-type pneumatic press is operated by a Scovill/Schneider pneumatic system operating at 80 lbs per square inch. The press can exert a force of 10 tons on material 0.048-inches thick. It is claimed to be suitable for many operations, including embossing, forming, piercing and bending.

mum sizes of 36 by 12 inches and thickness from one to four inches. A plastic compound called C-31 is available for gluing the slabs on to steel or concrete frames to hold them in position while the hot face refractory work is going on.

● TRANSPORT

Fast hybrid ship for U.S. Navy

TESTS are to start in the next few weeks of a surface effect ship built specially for the United States Navy by the SES Division of Aerojet General.

Weighing 100 tons, the craft is intended to allow the navy to evaluate this type of design for military vessels. It is expected to be able to maintain speeds in excess of 80 knots, making it fast enough to outrun storms, as well as giving it an operational speed between that of an aircraft and a conventional vessel.

Initial development work on this type of ship was carried out in the U.K. where it was known as the rigid sidewall hovercraft. One of these craft, built by Denny of Dumbarton, Scotland, did in fact operate on the Thames for some time.

Aerojet's craft has rigid sidewalls, reminiscent of narrow catamaran hulls, with flexible skirts fore and aft to retain the air cushion which is generated by conventional fans. Forward thrust is supplied by two water jets mounted on the stern, so that there is neither the fouling problem associated with screws nor the noise associated with deck-mounted air screws.

When in motion the cushion effect lifts the hull so that the sidewalls are immersed in the water to a depth of only a few inches. Wetted surface area is thus very low, keeping drag to a minimum and allowing very high speeds to be attained. It is also claimed for this type of construction that it is much more comfortable in a quartering sea than a conventional ship or a catamaran.

Directional stability of the ship is improved over normal hovercraft by the keel effect of the twin sidewalls, and the rear propulsion jets can be swivelled for low-speed manoeuvring. In addition, they are fitted with thrust reversers for slowing or reversing.

Overall size of the test craft is 82 feet long and 42 feet wide but, according to Admiral Elmo Zumwalt, Chief of Naval Operations, if the Puget Sound tests bear out the expectations of the designers, the Navy intends to go to much larger vessels weighing several thousands tons and with speeds of between 90 and 100 knots.

● COMMUNICATIONS

Faster cable jointing method used

MODULAR system splicing the rapid method of joining telephone cables developed recently by the 3M Company, has been adopted by the States of Jersey Telephone Department.

This is the first British telephone authority to use the system. The first connection modules, each designed to connect 25 pairs of insulated conductors simultaneously, have been sent to Jersey, and it is intended to use them immediately.

Each module, measuring 150mm by 15mm by 12mm, is made of three interlocking parts, base, body and cover. Test points for checking circuits are incorporated in the module.

During installation, the 50 conductors from one end of the circuit are laid in the base, which is held in the splice head. The body is positioned over the base, and the other 50 conductors are arranged in the body. The cover is then fitted and the three components compressed to complete the join.

Excess wire is trimmed from the conductors automatically as the unit is being pressed in the crimping tool.

Frequency measuring circuit

A MONOLITHIC integrated circuit combining pulse counting, four-bit latch and decoding put driver, suitable for seven segment digital display, has been introduced by Motorola Semiconductors, of Empire Way, Wembley, Middlesex.

Designated the type MC4051, this TTL circuit has main application in frequency measurement, enabling a frequency counter to be constructed with one i.c. and one solid-state or incandescent display lamp digit.

Other applications, says the company, include period measurement, analogue to digital conversion, use in arithmetic processes and calculators with direct display of results, and computer code conversion.

The counter generates a binary-coded-decimal count, input pulses which is held in a latch during a sampling period determined by external control signals.

● INSTRUMENTS

Equipment servicing aided

A NEW Philips 25 MHz trace oscilloscope has been introduced by Pye Unicam of York, Cambridge.

Known as the PM 3210, the instrument employs internal signal delay lines on both channels and because of this is particularly suited to digital and computer service work, as also has application in the communications and television areas.

The company says that servicing is a feature of the instrument which is assembled as a building-block principle. It can be disassembled into seven sub-assemblies plus test and re-assembled in under 10 minutes. The use of AMP connectors minimizes interconnection cables.

Stemming from the PM 3210 use of separate delay lines, each pre-amplifier chain (both the electronic switch) is a x-y phase accuracy of 2° over the range 0 to 5 MHz. This is a usual says Pye Unicam, an instrument of this price and, coupled with the fact that it can employ interchangeable vector-display and phase-measurement gratings, permits the oscilloscope to be used as a vector display, x-y plotting semiconductor curves and measurements.



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Building and Civil Engineering

5m. Dubai land recovery scheme

A further stage in Sheikh Khalid's plans for developing the Gulf, the ruler has signed a \$5.1m. contract with a civil engineering firm for a land reclamation scheme involving the creation of some 130 acres for development purposes.

Besides the provision of extra land near the town of Ras Al Khaima, this work will help combat the coastal erosion as well.

Costs, which received the seal of approval from the Emir, will be met by the Government of Dubai.

The work is being carried out by the contractor, who is to build a 13,000 feet long seawall, the reclamation project is on the opposite shore to the Port Rashid deepwater harbour, currently under construction by the company.

To be constructed in an area of shallow water from the mouth of Duhi Creek running northwards, the wall will at 1,000 feet from, and parallel to, the existing shoreline. Some 7m. cubic yards of sand will be needed to fill in, and the remainder to be transported from sand dunes behind the coastal strip.

\$2.8m. is being made available by Lloyds Bank. A further loan of \$2.5m. has also been arranged by Morgan Grenfell and Co., merchant bankers, in consortium with other banks.

Involving the construction of a 13,000 feet long seawall, the reclamation project is on the opposite shore to the Port Rashid deepwater harbour, currently under construction by the company.

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Rock fill for the seawall will be obtained from an inland quarry opened up by Costain for the Port Rashid job.

A feature of the seawall on the seaward side will be a series of rectangular shaped concrete blocks with the dual purpose of acting as armour protection at the same time as serving as a promenade for the public.

The work, designed by Sir William Halcrow and Partners, is to start shortly with completion scheduled for two years later.

Costain's experience in the dredging and land reclamation field includes such projects as the recently opened Seychelles Islands "main Foulness" operation where 250 acres of land were reclaimed from the sea for

the construction of an international airport.

Nearer home, the company is one of a consortium, including Taylor Woodrow International and the Anglo Dutch Dredging Company, set up two weeks ago to bid for dredging work connected with the Foulness airport project.

Factory and office work for Conder

TWO buildings for the British Transport Docks Board's Western Docks extension at Southampton are being constructed by the Conder Kingsworthy System under a £222,000 contract. Both buildings—a two-storey office block and a canteen—are being

constructed on reclaimed land which called for a concrete raft foundation.

Another contract awarded to Conder, worth £183,000, is for the superstructure of a 150,000 square feet factory complex at Estover, Plymouth, for Arrow Electrical Switches.

As well as the steel framework for the factory area, involving 333 tons of steel, Conder's Kingsworthy Metric Building System is to be used for a 20,000 square feet two-storey office block so that the project can be completed within the 12-month construction period. Main contractor is E. Thomas, of Falmouth, and the architect is Norman Kelsey.

The East Suffolk County Council is also to use the Kingsworthy System for office accommodation in Ipswich for its Architects, Social Services and Public Health Departments.

The accommodation, with a total area of 24,000 square feet,

Easington gas terminal foundations

PHASE 2 of a distribution station and terminal for North Sea gas at Easington, near Hull, is to be carried out by Holst and Co. (Northern).

Valued at £150,000, the contract is for the Gas Council and involves the construction of foundations and superstructures for a boiler house and pipework foundations, as well as roads and drainage.

The pipework section of the contract is being undertaken by Norwest Welding Division, which is installing pipes ranging in diameter from 24 inches to 48 inches. Work has just started and should be completed by this October.

Michelin factory

LARGEST of four contracts recently received by George Wimpey and Co. concerns a £2m. factory for Michelin Tyre Company to be used for the production of steel cords.

To be erected at Redness, near Aberdeen, the factory will comprise a main production building, with adjoining administrative buildings, a boiler house and a main sub-station, together with general factory services and external works.

The plant will be one of the most advanced of its type, particularly in terms of working and environmental conditions, and is due for completion towards the end of next year.

Having won the first stage tender for the South West Housing Group's programme, Wimpey has been invited to negotiate for the final tender of the third generation programme of houses.

A figure of around £730,000 has been submitted as a basis for the job which involves 193 dwellings so far, to be built at the Kings Tameston Estate for the City of Plymouth, one of the 13 housing authorities in Cornwall, Devon and Somerset which form the consortium.

Construction of the homes, to include bungalows, 2, 3 and 4-

bedroomed houses, will be in the Wimpey No-Fines technique. The company used the same technique for the 1,850 homes it has built under the first and second generation programmes.

At the Pottington Industrial Estate, Barnstaple, Wimpey's Plymouth office is also to build a £600,000 factory with offices for Alenco Industrial Components (a subsidiary of Alenco—part of the Charterhouse Industries Group).

The scheme will provide 12,000 square feet of factory area for the manufacture of high pressure couplings.

George Wimpey NE and C has been awarded a contract, said to be worth over £1m., by Dist Products for the design, procurement and construction of a bacteriological seed room and culture laboratory.

To be built at the Speke antibiotic plant at Liverpool, the facilities are to be designed mainly on site by Wimpey personnel. The two-storey building of 7,500 square feet, will rationalise existing production of antibiotics by fermentation and increase capacity to meet the growing market for pharmaceuticals.

Heathrow station tenders

TENDERS are shortly to be sought for the London Transport Piccadilly Line extension from Hatton Cross to the Heathrow Airport central terminal area.

This follows the recent start by W. and C. French (Construction) on its £3.5m. cut-and-cover section from the existing Hounslow West station to Hatton Cross, which is just outside the airport boundary.

While London Transport's own engineers department is responsible for the first section, Sir William Halcrow and Partners, consulting engineers, have been called in for the new section. The firm is the British Airport Authority's consultants, and has probably been brought in as this section is to be tunnelled, rather than cut-and-cover.

Halcrow has been commissioned to prepare the designs and contract documents for the running tunnels and the terminal station. The deep level tunnels will have to be driven through London clay. They pass under one of the main runways.

The terminal ticket hall, to be constructed beneath the triangular area in the centre of the airport containing the bus station, is intended to be linked to the main terminal building.

includes two 4-storey classroom blocks, a single-storey technical block, two single-storey blocks housing kitchens and dining rooms, a sports and games hall complex and an administration block. The structure will be of reinforced concrete with an intergrid frame.

Gilbert Ash Scotland is also building St. Patrick's R.C. School at Dumfries under a £220,000 contract awarded by Dumfries County Council. Architects are the National Building Agency.

Briefs

● MEARS Construction is to build a secondary school and sports centre at Skelmersdale, Lancashire, under a £650,000 contract awarded by Liverpool R.C. Archdiocese Trustees Incorporated. Work comprises a single-storey/2-storey building including teaching, practical and social areas, sports hall, kitchen and dining room.

● SIR Alfred McAlpine and Son is to construct an access road from Runecorn Expressway to ICI's offices at The Heath, Runecorn, two pedestrian footbridges including circular ramps for the Corporation; a works garage at the British Steel Corporation's special steels division at Brynbo Works, near Wrexham, and Keepers Cottage Bridge on the Ringley-Worsley section of the Lancashire M62 motorway.

● EXTENSIONS to the College of Further Education at Oxford are to be built by Hollans (Hollans & Cullis (Midlands)) for the City of Oxford under a £624,000 order. Forming the second phase of the college construction, the project will comprise two sections—a teaching block and a teaching, assembly hall and kitchen block combined.

● WHEELER Crittall Berry (Crown House Group) has been awarded a £145,000 contract by the Western Regional Hospital Board for the complete electrical installation at the Dykebar Hospital Development at Paisley.



The £11m. Drake Circus shopping centre in Plymouth which is to be opened by Princess Anne on November 16, has been nearly completed by John Laing Construction. The centre which is a Laing Development Co. project will include a 4-storey department store for C. & A. Modes, a store for Tesco and over 50 other shops. The architects are Stone, Tombs and Partners.

China clay handling at Fowey

DEVELOPMENT of the china clay loading jetties at Fowey in Cornwall is being undertaken by English Clays Lovering Pochin and Co.

Cost of the scheme has not been disclosed but is quoted by English Clays as being "several million pounds." The company is having to face problems of

anemity in the district which is noted as a holiday centre and equipment is being designed to minimise dust nuisance around the general port area.

One of the main purposes of the scheme, prepared by Rendel Palmer and Tritton in conjunction with the company, is to speed turn-round of ships and to help increase exports from about 1m. tons to over 2½m. tons of china clay annually.

It is planned to double the existing facilities at one of the existing berths which will accommodate vessels of up to 10,000 tons deadweight and to provide two new berths by building a continuous quay. The new quay

is designed for loading vessels up to 6,000 tons.

To provide the Fowey jetties with the degree of flexibility necessary, improved road connection has been provided by converting the existing British Rail branch line from Par to a private two-lane road which keeps clay lorry traffic between Par and Fowey off the public roads. Rail access has been preserved via the Fowey and Lostwithiel branch line.

Two schools in Scotland

RENFREW County Council has awarded Gilbert Ash Division of Bovis a £1m. contract to build Gockston Junior High School at Paisley.

The 20-month job, to be carried out by Gilbert Ash Scotland,

foundations for storage tanks, fire mains, drainage pipe corridors and a brick-built switch-house.

Easingwold Rural District Council in Yorkshire has placed a £186,000 award for a sewage disposal works and 3,700 yards of sewers.

Piling in Ireland

BORED piling work for projects in Ireland, worth £100,000, has been awarded to Cementation Company (Ireland). The foundations of a new gum base factory for Warner Lambert Ireland at Dun Laoghaire involve the construction of 500 15 and 17-inch diameter piles to an average depth of 30 feet. The main contractor for the factory is John Sisk and Son (Dublin).

The second contract is for the Raboon Housing Estate at Galway, where a total of 500 piles of 18-inch diameter are to be constructed. Consulting Engineers are J. McCullough and Associates, of Dublin, and Ardglass, of Dublin. The main contractor, a third contract for tank bases for Irish Shell and BP at Galway involves nearly 400 17-inch diameter piles.

Services for Museum of London

ENVIRONMENTAL control systems for the Museum of London in the City are to be installed under a £700,000 contract placed with Matthew Hall Mechanical Services.

The work covers air-conditioning, ventilation, heating, hot and cold water, plumbing, gas and fire protection services. A gas-fired boiler plant with a total capacity of 22m. htu/h will be

St. Michael marches on

SINCE April, Bovis Fee Construction has been awarded six contracts by Marks and Spencer. Worth £3m., they include new stores at Hemel Hempstead and Boreham, and extensions to existing premises at Birmingham, Colchester, Newcastle and Winchester.

Work on all these has been started and, the additional space at Newcastle and Birmingham and the new store at Boreham will be opened before the end of the year.

The new first floor being constructed at the Pantheon in London's Oxford Street will be ready by Christmas. Additional sales space will also become available later this year at Huddersfield, Dudley, Swansea, Stockport and Rochdale.

This announcement appears as a matter of record only

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1,000 Corporate Debentures									
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MONDAY AUGUST 9 1971

Credit for the shipyards

UPPER Clyde Shipbuilders is not the only firm in trouble. The U.K. shipbuilding industry as a whole is in little better shape than it was when the Geddes Committee reported in 1963 and its share of world building activity has fallen in the interval from 11 to 6 per cent. It made losses instead of profits during the boom because most of its orders were taken on at fixed prices which the subsequent inflation made disastrously low. It may now be facing a period in which world demand for new tonnage will level out and stiff competition for new orders bear heavily on shipbuilders who must on price escalation clauses or cannot guarantee early delivery. If only the five large tankers which Shell has ordered from Harland and Wolff—the largest single order for merchant vessels ever placed in Britain, but placed for special reasons—the total new orders placed in the first half of this year with U.K. yards were only one-third of the current rate of output.

Orders slump

This slump in new orders reflects, though in exaggerated form, a worldwide trend connected with falling freight rates at a time of sharply rising costs. But it is also probably due to two purely domestic developments: the replacement of investment allowances and the drying-up of the pool of long-term shipbuilding credit. Foreign shipbuilders who order from U.K. yards can get long-term credits backed by the Export Credits Guarantee Department. Until 1967, however, no such facilities were available to U.K. shipbuilders who were sometimes driven to build simply for the sake of this credit. The Shipbuilding Industry Act of that year made provision for the Government to guarantee long-term orders at home of up to £20m, a figure which—because of the boom in orders—was increased to £40m in 1969 and is to have been increased to £60m when the General Election supervened.

The new Government took its time in dealing with this situation. Guarantees continued to be given but were in effect limited. By the time that

legislation was brought in, the figure had to be £700m, rather than £600m—and even this, it was admitted, would not be enough to meet all applications made during 1971. Uncertainty in the industry about the future of the credit scheme was increased when the Government promised to make a statement before the summer recess about what was to happen after the end of 1971 with the disappearance of the Shipbuilding Industry Board which has so far endorsed applications for guarantees.

Reassuring

The statement came in the form of a written answer last week and is wholly reassuring so far as it goes. Legislation will be introduced to enable loan guarantees to continue after the end of this year and the permitted maximum is to be raised from £700m, to £1,000m, together with the repayments of previous loans due to be made within the next five years, this is reckoned to be enough to finance all home orders. The use of the phrase "all home orders" presumably answers the first of the several questions which this statement provides: What criterion will the DTI, as opposed to the SIB, use in determining who qualifies for a guarantee?

A second question is the attitude of the banks, which will have to provide the actual loans. They have less reason to object to providing long-term shipbuilding credits now that the rate of interest has been raised to something more realistic, but the growing size of these long-term loans may be an embarrassment to them. Some change in the present arrangements may be made when the Bank of England introduces its new system of credit control. A third question is why the Government first set a maximum figure on guarantees of £700m, which it knew to be too small and then, only a few weeks later, announced that it would be raising the figure to £1,000m. Perhaps it is now alarmed by the fall-off in new orders and the uncertainty created by its policies. It would be an ironical but welcome development if the freer availability of credit were to enable U.K. yards to obtain more orders and so retain a larger part of its work force.

Foreboding in Ulster

THE SITUATION in Northern Ireland has never been less an extremely ominous one for the past year, but Mr. James Haughey was altogether right when he told the House of Commons last week that the sense of foreboding and impending crisis has never been stronger as it is at this moment. The main elements in this deterioration are only too familiar. The IRA has stepped up its bombing and shooting activities in the hope of provoking a direct takeover of the northern Ireland Government by Westminster. The Protestant majority has become increasingly alarmed at the danger to prevent the explosion and is now threatening to take the law into its own hands. The Army has, indeed, stepped up its campaign against the terrorists but is fearful of provoking violent reactions from the Catholic community, and the Catholic community, for its part, is alarmed at the prospect of a Protestant takeover of the province.

Thursday's march

It is for this reason that next week's march of the Protestant Boys in London has assumed such significance. This traditional parade of Protestant feeling has always been the political thermometer of the province, but in present circumstances it could easily provoke a major explosion. The authorities' decision not to ban it proceeds from the calculation that there is less immediate danger from an outbreak of Catholic fury if the march proceeds than there would be from the probable aftermath of the Ulsterist extremists if the march were called. This is a doubtful calculation even granted the level of another 1,800 British

troops into the province this week. But even supposing that the army does succeed in preventing bloodshed in Londonderry next Thursday, the basic situation is now so bad in Belfast as well as in several other provincial towns that further trouble could break out almost anywhere, at any time, and the resources of the military are becoming stretched dangerously thin.

In this situation it is becoming increasingly urgent that Mr. Haughey and Mr. Faulkner should try to regain the initiative, either by political or by military means. On the military side the argument revolves around two possibilities—intervention and random searching. Intervention of IRA suspects has been used before in Ulster with some success, but quite apart from its inherent injustice there are serious drawbacks to it at present. It would cause the maximum of offence, but would probably yield meagre results unless it were matched by similar measures in the Irish Republic (which are virtually out of the question, given Mr. Lynch's present political difficulties).

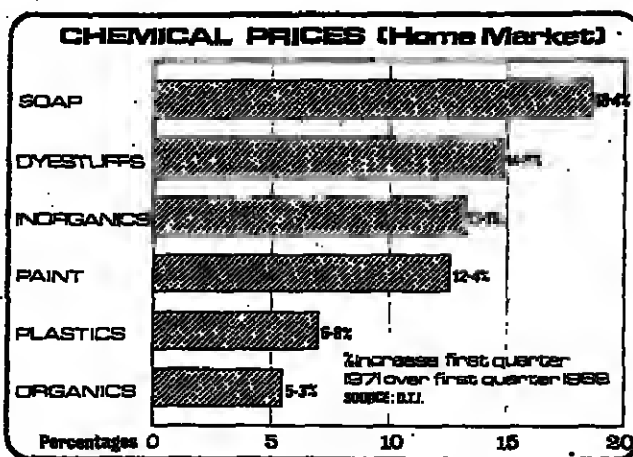
Disappointing

On the political front, both Mr. Haughey and Mr. Faulkner have been frankly disappointing. Mr. Faulkner has made very little impression so far either on his own extremists or on the country at large. If there was ever a time for him to use his authority, while he still has it, that time is now. Mr. Haughey, for his part, is understandably anxious not to offend Ulsterist susceptibilities and undermine Mr. Faulkner by usurping his prerogatives. But in fact he is universally assumed in Ulster to be calling the shots, and, this being so, he may as well make the best of it. The situation is so bad that no overt intervention of the Home Secretary could make it much worse, and it might make it better.

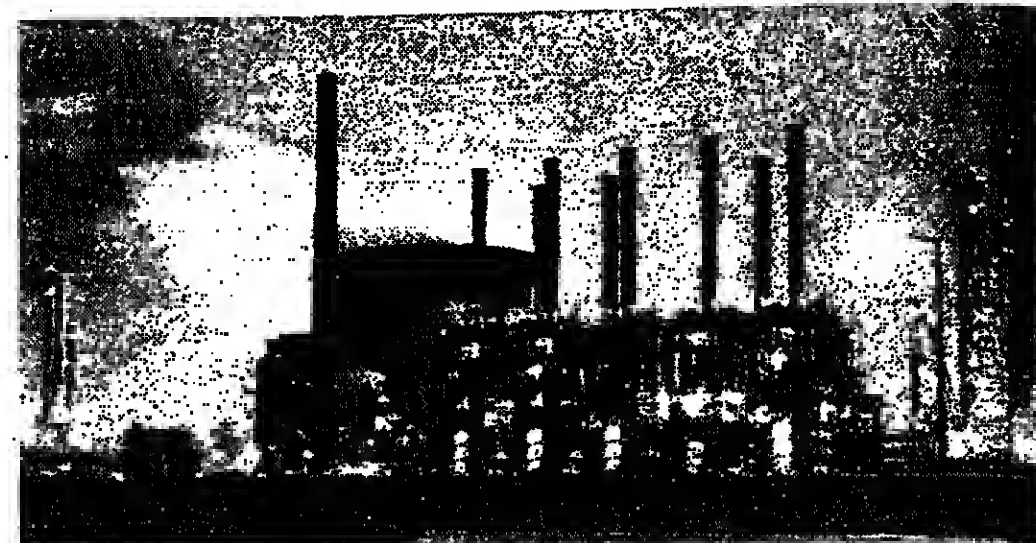
CHEMICALS: Producers are finding it very hard to improve their price levels to offset huge increases in costs. Demand will eventually catch up with the present oversupply, but better investment planning and closer attention to the market will be needed

Why world chemical prices lag

BY JOHN TRAFFORD



Right: ICI's £15m. ethylene plant on Teesside, the biggest single-stream olefine plant in the world.



THE CONFEDERATION of British industry made an interesting assumption when it put forward its scheme for price restraint three weeks ago. It said that—the Government and the unions willing—it would ask industry "to avoid price increases over the next 12 months and to do its utmost to limit unavoidable price increases to 5 per cent. or less."

Anyone even remotely connected with the British chemical industry will spot the assumption. Despite soaring cost inflation, large sectors of the industry are finding it well nigh impossible to pass the effects on to their customers in higher prices, and many chemical companies are operating a price curb against their own wishes, and well ahead of any formal request from the CBI. Three quotations from recent chairman's speeches outline the predicament:

"Two years of stable prices in inflationary conditions is severe medicine for any company."

"The company's selling prices did not reflect the inflationary pressures in the economy."

"Difficult market conditions, increased foreign competition and the recessionary trend of home make it impossible to recoup higher costs with higher sales."

A chill wind blowing

The words are those of Lord Kearton (Courtauld), Charles B. McCoy (Du Pont) and Eugenio Cella (Montecatini Edison). Although the three companies are based in different countries their experiences in 1970 have been strikingly similar. If the CBI's request had been made last year, there could be little doubt that many in the British chemical industry would have smiled. They would have been powerless to raise prices then and there is little evidence that the situation is any different now.

The chill economic wind blowing through the international chemical industry will work its own cure in time. Some of the weaker companies will go to the wall unless Governments come to their aid; and even the healthier ones will continue to experience a period of lean profits before things improve.

For the chemical industry's customers—and virtually every industry including chemicals itself falls into that category—the news of hard times causes little dismay. They will continue to get their chemicals at prices which cushion part at least of the cost inflation element until the supply/

demand balance comes more into line. For the crux of the chemical industry's travails is that in most of the high-volume commodity chemicals there is substantial world over-capacity.

"There's no shortage of anything we make," one senior petrochemical manufacturer remarked ruefully last week.

Under these circumstances, however much chemical companies point to huge increases in production costs, however much they try to create a favourable climate for higher prices (through "official" increases which may not stick, or through sympathetic Press comment), they find it very hard to achieve any permanent improvement. All one can say is that when cost inflation reaches the point where no company is making any money, all will finally agree to hold prices despite an over-supplied market. But equally, by then the damage will have been done.

Effect of wage awards

The cost increases are very much in line with experience in other industries. The net effect of wage awards in the British chemical industry last year was an increase of 13 per cent, and this year's settlements will add another 10 per cent. Fuel oil costs, following the OPEC and Libyan agreements, are expected to be between two and three times as great in 1972 throughout Europe as in 1969.

The price of naphtha, the key raw material for much of the European petrochemical industry, has held reasonably steady in some countries until now, but is expected to rise in sympathy with fuel oil prices. The cost of building new plant has moved up by as much as 40 per cent during the past two years.

Speaking in June, the president of the French Shell Chimie, M. Jean Bergeron, warned that increases of 15 to 20 per cent.

were needed immediately in the price of base chemicals just to return to the "unsatisfactory" profit levels of end-1969.

The problems of raising prices do not, of course, apply right across the board. Inorganic chemicals (which includes big tonnage chemicals like chlorine, caustic soda and nitric acid), soaps and dyestuffs have all risen substantially in price since early 1969.

The laggards have been the petrochemicals, shown in the chart as organics and plastics. It is here that growth in the past decade has been the most rapid and where the rate of investment in new plant has been greatest. When demand falters, as it has done in the past two years, over-capacity quickly becomes a problem.

Almost to a man, the big chemical companies have got their sums wrong and now find themselves with too much productive capacity on their hands. This is not entirely their fault since predicting what Governments will do to dampen down or revive consumer demand is notoriously difficult. However, apart from assuming that the economies of the industrialised countries would grow faster than they have in fact, many have been expecting chemical production to continue to rise at about twice the average of all industrial production, as it did in most of the industrialised countries during the 1960s.

The U.K. is a special case since industrial production has progressed so unevenly, varying from 6.1 per cent, to zero during the past six years while chemical production has advanced fairly steadily at between 5 and 7 per cent. annually. However, in an industry where exports can very easily account for a quarter of total output, the international pattern of growth is the important consideration. Although no figures are yet available for 1970 there seems little doubt that chemical production is no

longer growing at double the rate for all industry. Those days are almost certainly past and the chemical industry must now look to growth rates more closely aligned to the industrial average.

Excess capacity is so severe in many of the major petrochemicals that industry leaders talk openly of a "degree of surplus" remaining until 1974 or at best 1973.

So much for the predicament. The short-term solutions being tried lie mainly in cutting production costs or reducing excess capacity. ICI Fibres, with its announced sackings of 1,450 staff including a high proportion of salaried workers, showed a week ago what rationalisation can mean in human terms. However, most of the petrochemical industry is not very labour-intensive at the production stage and so, if there are to be manpower economies, they have to come largely from the office staff.

Cutting productive capacity is being done partly by closing down old plant and not replacing it immediately. There is talk of mothballing units until better days, but in general it remains just talk. By far the most important way of curbing capacity is to delay the commissioning of new chemical units.

The big groups

Pricing policy, too, is being called in to help. Traditionally the big groups in the industry like Imperial Chemical Industries here, BASF, Bayer and Hoechst in Germany, and Du Pont, Union Carbide, Monsanto and Dow in the U.S. have looked on their home market as the place to get good margins on sales. They have regarded export markets as areas where, if the need arose, it would be better to sell chemicals at little above marginal cost in order to

keep the expensive plant running at full capacity.

As the Kennedy Round has brought tariffs down, international trade in chemicals has risen at a brisk pace. Trade between the OECD countries, for instance, went up by 18 per cent in 1969 over the previous year. More and more chemical companies operating on the international stage have come to recognise a simple fact of life: if they export at low prices to other countries they will deprive the local manufacturer of some part of his home market and be, in turn, will react by exporting at low prices to other countries, including their own.

The doctrine now being preached by many of the big companies is that (a) trading blocs like the EEC must be regarded as a single home market in practice as well as in theory, and (b) that exporting to other countries at marginal costs is a means of slitting one's own throat.

It is a doctrine which recommends itself to the well-established companies with comfortable market shares. Unfortunately it has little relevance to the company which is entering a new chemical market for the first time and has a brand new plant which needs orders to earn money. For such a company, selling at marginal cost is better than not selling at all. That dichotomy will continue just as long as there are weak sellers and oversupply.

For the longer-term solution lies in a better standard of investment planning and a much greater awareness of the market. In Britain, ICI, BP Chemicals and Shell Chemicals openly exchange information on their productive capacity for making olefins (the building blocks for many organic chemicals) and on their estimates of the size of the markets for olefin derivatives. Shell and ICI even share an ethylene pipeline running across the Pennines from

Wilton on Teesside to Runcorn and Carrington which allow either company to be a net supplier or consumer. The same being done on a much larger scale on the Continent. Pipeline certainly facilitates the coordination of investment, but whether the exchange of market estimates will be allowed a Britain joins the EEC is uncertain.

A much better record

When it comes to market awareness, some of the smaller chemical companies can claim a much better record. Mr. Freddie Wood's Croda International, for instance, has managed to maintain or improve its profit margins in nearly all the specialty chemicals it makes during the past two years. Throughout the company is the conviction that satisfying a customer's demand is all-important; it is much less concerned whether it makes the product itself or buys it in so long as the demand is there.

Croda can also cite examples where prices have been raised by a factor of two or more and volume has still gone up.

Such policies are more readily suited to specialty chemicals than to the commodities which comprise a large part of the international companies' business. But a willingness to purchase rather than invariably to manufacture, flexibility in response to changing demand, and a close awareness of the market for the final product are all areas where the big companies have shown themselves weak in the past.

The present traumas of the chemical industry could benefit everyone—even the shareholders in the long term. But clearly there are things that need to be remembered if the mistakes of the past are not to be repeated when demand catches up with supply.

MEN AND MATTERS

Costain's Arabic caution

The board of Richard Costain, one of Britain's largest building and civil engineering companies, has decided not to comment on an intriguing story that has appeared in the *Jewish Observer* and *Jiddle East Review*, about the Arab boycott of firms doing business in Israel influencing Costain's activities inside the U.K. Sir Henry d'Avigdor Goldsmid, MP, chairman of the Anglo-Israeli Chamber of Commerce, has taken the matter up, and received no denial of the story.

Nearly half of Costain's £108m. turnover is done abroad. In particular, it is working on a £24m. harbour project in Dubai, at Port Rashid, and this summer completed an international terminal in Dubai. It has also worked for oil companies in Libya.

According to the *Jewish Observer*, Costain Property Company, a subsidiary, last year successfully tendered for a building contract for a large residential complex at Watford. This was being developed by a London firm, Crown Dean Holdings, whose chairman is a Jewish businessman, Mr. Moss Spiro. Last November Spiro received the draft agreement, and found that the thirteenth paragraph sought an undertaking from him that he would not infringe the regulations of the Arab boycott. Spiro protested, but letters and meetings with the Costain management apparently failed to secure alteration of the draft.

Our oddity of the case is that the Arab Boycott of Israel Office has always insisted that its aim was to blacklist only those companies, banks and financial institutions which contribute to the building up of the

Israeli economy through direct investment or lending. For example, British Leyland is on the list through its assembly plants at Haifa and Ashdod.

But there has been no known attempt to impose a requirement on a concern doing business with an Arab country that it should not have dealings outside Israel with another company which is, or might be, on the boycott list. Perhaps Costain were being ultra-cautious. How ultra-cautious is shown by the fact that London offices of the Arab League, which help operate the boycott, are themselves rented from a Jewish-owned property company.

Small world?

I'm sure it has no significance whatever, but I notice that Shipping Industrial Holdings, which last week reported that Clarkson's, its travel agency subsidiary, failed to collect £1m. in debts in 1970 through a faulty computer, has on its Board both Sir Alexander Glen, one of the Four Wise Men who reported for the Government on what to do about Upper Clyde Shipbuilders, and Mr. Ian Morrow, deputy chairman of Rolls-Royce (1971).

A Peer and sausages

I have every sympathy with the members of the House of Lords who are complaining about inadequate accommodation there. The place has got very crowded in these modern, business-like days, with about 200 life peers, many of them ex-MPs or local government men who are used to taking the job seriously. As a result, average daily attendance at the Lords has shot up from 92 in 1955 to 143 in 1963 and this year, with the Industrial Relations Bill pulling them in, to 265. As a social centre,

the Lords clearly leaves much to be desired—no equivalent to the smoking room of the House of Commons, no place for guests except bars, and, it seems, you can't get dinner if debates keep you there late.

But the Lords is not without its attractions. It has, in quite one very senior Tory peer, "the loveliest ladies' loon in London," with floral patterns on the lavatory bowls. Also, the Lords boasts "the most exclusive night-club in London." This is the Bishops Bar (an odd name for a bar) which no one, but no one except a peer is allowed to enter. So exclusive is it that did not even know where it was. And it brings one great consolation to the dinnerless peers. According to the same source, its other claim to uniqueness is that "it serves the best sausages in London."

Catholic enterprise

In County Tyrone, Northern Ireland, a Catholic part of that Protestant State and an area where only one school-leaver in two can find a job, Father Eustace, a Catholic priest in his fifties, has now found himself managing director and chief technician of a glassware factory run on co-operative lines, and set up in an attempt to relieve local unemployment.

The first lead cut crystal glass is now being made there by workers who have been through a crash course run by training experts brought in by Father Eustace, and within four years he hopes to be employing 200 people and giving the Waterford Glass people further south, a run for their money.

Father Eustace is a Southern Irishman who took a degree in physics at Dublin, but has spent

the past 27 years in Ulster. Latterly he appears to have been acting as a sort of "trouble-shooter" on economic problems for his Archbishop, although he himself rejects the term.

In Tyrone, he cast around for an industry that would suit the troubled economic situation there, and decided on the basis of feasibility studies that glassware was it. But he also has a second enterprise "ready to go"—the production of small castings. For the glassware, he has established a building company called Tyrone Investment Corporation for Industrial Development, with £100,000 capital. This he did by persuading the Catholic Church to subscribe several thousand pounds, adding numerous small investments from local parishioners, and getting a very generous grant from the Stormont Government.

Father Eustace is also acting the marketing man—he has been in London on a sales promotion trip, helped by a man from Harrods. He is not unsuited to the role, being in the Bing Crosby precisely image, with his Southern brogue and puffing a cork-tipped. But equally, when someone taxed him the other day with being socialist in his methods, running a co-operative, he didn't bother to deny it.

Innocent abroad

They say that a lot of companies still don't know their way around the City, and Morgan-Gramian seems to be one of them. Its latest annual report reproduces a picture from one of the magazines that it publishes, *Accountants' Week*. The picture is captioned simply "a building in the City of London." More than "a building"—it is the Bank of England.

Observer

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INTEGRATED
PIONEERS OF INDUSTRY APPLIED COMPUTING

THE U.S. SECURITIES INDUSTRY: Jurek Martin, reporting from New York, Sunday, discusses the impact of the controversial McChesney Martin report, and examines its underlying philosophy and its concern for the small, individual investor

'Fair' competition and the public interest

FOR 19 years, Mr. William McChesney Martin was accused of walking an almost daily tightrope as chairman of the Federal Reserve Board in Washington. With a little fine-tuning here, a squeeze there, and a bit of pump-priming at other times, his job was constantly to supervise the monetary affairs of the nation.

Although central bankers will probably refute the imputation vigorously, it often seems that their main preoccupation is with the day-to-day exigencies facing a national economy—trying to combine what they feel is economically feasible with what the politicians consider to be desirable. Their role in long-term planning, while indispensable, often appears subordinate to the daily demands made on them.

During his time at the Fed, working with five Presidents of the United States and numerous different Congresses, Mr. Martin acquired the reputation of being a past master at finding the common ground. But now he has been able to exercise his talents in the other direction.

Longer-term

The importance of the report that he produced formally last Thursday on the future of the American securities industry lies not, to the dismay of many people, in his opinions on the burning issues of the stock market today such as institutional membership of the stock exchanges or negotiated commissions on share transactions. On the contrary, it lies in what he considers to be the long-term course the stock markets should embark on if they are to be able to cater fully to the financial needs of the nation.

This is the thread to his surprisingly brief and very personal report and to the remarkably candid comments he offered on the securities business last Friday. Certain

key phrases crop up again and again in his discourse on the subject: "Full disclosure," "integrity," "fair competition," "equal regulation," "the public interest."

"I didn't try to give instant solutions," he said on Friday. "I never had the slightest thought I could do that. I just tried to get things into focus."

There is the very real danger that these fundamental strictures will be forgotten in the debate that is bound to rage for a long time about the contents of the report. Indeed, such was the build-up to the report that many people in the industry may have felt let down that its author chose to state his case in such broad and often philosophical language.

Fairly easy

Mr. Martin makes the point that the technology to furnish this instantaneous information is essentially already present through the National Association of Security Dealers Automatic Quotation system, for example—and that it would be technically a fairly easy job to institute a "consolidated exchange" tape providing full disclosure of all relevant material to investors.

It is absolutely central to Mr. Martin's thesis that this common market should be an "auction" and not a "dealer" market. This is, of course, very much in the tradition of the American securities business, as opposed to the general European and British practice. Nonetheless, in the course of the last few years, a very sizeable dealer market has grown up in the U.S. It is generally known as the "third market" and it enables professionals to deal directly with professionals, bypassing exchange formalities.

It is, obviously, a very convenient way for people to trade stocks when they do not want to let the world know that they

are trading them, and it has therefore become a favourite with the big operators. It is, as such, inherently antagonistic to the concept of "full disclosure" that Mr. Martin is convinced must be preserved and expanded in the public interest.

Typically, he does not say point blank that the third mar-



William McChesney Martin: "I didn't try to give instant solutions. I just tried to get things into focus."

ket should be declared illegal: rather, he suggests that once a national auction market is established, offering the opportunity to invest in all listed and over-the-counter (unlisted) shares, the third market operators would hardly be showing their "integrity" if they continued to stay out of it and conduct their affairs under rules and regulations entirely different from everyone else's.

It is plain to see that this

"market of the future" is very much concerned with not sacrificing the small individual investor to institutional efficiency. Much as it might irritate some of the more aggressive large institutions, it is almost impossible for any public figure—and this includes members of Congress, who must

be important than the public interest. This is what his proposed reforms for the New York Stock Exchange are all about. He would give vastly greater public representation on the NYSE's Board and, in a complex proposal, would rearrange the voting power within the exchange so as to make it possible for firms predominantly dealing with the public to have a larger voice in the internal running of the exchange.

There is much truth in the standard criticism of the NYSE that its "clubbiness" stems from the internal strength of the floor traders, who have little to do with the public, and that a breath of Merrill Lynch efficiency in its higher echelons would have enabled the exchange to handle far better the shabby paperwork and economic crises of the last four years.

The Martin Formula would also make it very much easier to become a member of the exchange. One current seat would be converted into ten voting shares, but only one share would be needed for membership. (There would, naturally, be a market in voting shares.) Ten shares, however, would be needed for floor trading. There are now rather more than 1,300 NYSE member firms. There would, therefore, be more than 13,000 voting shares around.

Furious

It would also become much cheaper to become a NYSE member, of course. The latest seat sale last week was for \$200,000, which is simply beyond the pockets of many a smaller or regional broker who would like to buy his way in. In the long run, Mr. Martin believes that if a national exchange market really works well the long-term value of a seat can only increase, but the

fact that his proposals would effectively mean a short-term devaluation is likely to upset quite a number of Wall Street gentlemen.

Paradoxically, though Mr. Martin has, by advancing the argument of the public interest, appeared innovative in certain areas, he has also managed to be staunchly conservative in others, while remaining entirely consistent. The institutions, whom Mr. Martin would have from exchange membership on the grounds that they could wield disproportionate economic power at the expense of the individual investor, are furious with the report.

Already two exchanges, the Pacific Coast and the PBV, offer forms of institutional membership, and there are applications on the books of the NYSE for membership from the brokerage subsidiaries of mutual funds and insurance companies.

But to Mr. Martin, whose experience at the Fed included much regulation of what the banking industry ought and ought not to engage in, the distinction between the securities and other business should be preserved. If you are in the stock market your business should be trading securities and the discretionary money management pertaining thereto. Just as mutual funds should not be brokers, so brokers should not operate mutual funds.

This latter task may well prove extremely difficult to accomplish. There is one notable court case pending concerning the sale by Lazards of one of its mutual funds and the ultimate court ruling on it could well determine how easily brokers would be able to dispose of their funds if they are required to.

Even assuming that such divestiture is possible, there are going to be a number of people on both sides of the fence who will think that Mr. Martin, in

contrast to the broad brush with which he painted most of his proposals, was guilty of hairsplitting in recommending that though mutual funds should be divested, brokers should be allowed to retain pension funds on their books. Mr. Martin has justified his distinction by suggesting that it might be generally true these days that institutions, like mutual funds no longer represent their own public the alluded to in the case as an example, whereas at least pension funds are supposed to. It is, at best, a fine point.

Experiment

On the negotiated-versus-fixed minimum commission rate issue, Mr. Martin's position is not original. Indeed, it would be hard to find an original position in so exhaustedly debated a subject. He simply feels that the negotiated rate the big operators would secure for themselves would, in practice, become fixed minimum rates: that the small investor would not stand a chance of obtaining them, and that therefore he would be at a disadvantage. So he simply suggests allowing the current experiment of negotiated rates on large trades to stay in force for a while to see how it works.

It is still too early to say whether all, part or none of what Mr. Martin has recommended will come to pass. As he has offered "no instant solutions," no instant action is expected. It is very likely that, as he suggests, the SEC will create a blue chip team in the mutual funds and broker-dealer exchange to create a national exchange that will come within the next few months. Then we will discover how great is the securities business's ability to accept change.

Labour News

Nalco now favours EEC entry

BY ROY ROGERS, LABOUR STAFF

LEADERS of the 450,000-strong National and Local Government Officers' Association have come out in favour of British entry into the European market. This reverses the union's conference decision in 1965 to oppose entry "unless it could be shown to be in the interests of members and of Britain."

NALGO will now vote in favour of a resolution supporting Britain's entry which has been tabled by the Clerical and Administrative Workers' Union for next month's Trades Union Congress. More white-collar support for entry may follow, but most of the manual unions, including the Transport and General Workers' (T.G.W.U.) and the Amalgamated Union of Engineering Workers (A.U.E.W.) are opposed to entry.

Narrow margin

Over the weekend a meeting of NALGO's 60-member national executive committee voted in favour of entry by the narrow margin of 29-26. Although it is understood that their presence would probably have resulted in a similar narrow majority in favour.

Before voting the NEC heard a recommendation from its services and conditions committees, which had been studying the matter for several months.

Although dismissing the Government's White Paper as being unhelpful to them in their quest to establish whether entry would bring long-term benefits, the committee recommended

BRANCH FOR SOCCER STAFF

The Association of Scientific, Technical and Managerial Staffs is going ahead with its plan to form a branch for football managers and coaches although only seven people turned up at meeting in Birmingham yesterday to discuss the idea.

Mr. Don Groves, Midland Divisional Officer of the Union, said that the small attendance was not due to lack of interest. Many of the 180 Football League staff who had been informed of the meeting had expressed interest and asked to be kept in touch although they could not attend.

Unions expected to accept Guinness Dublin cutback

BY DOMINICK J. COYLE DUBLIN, August 8.

THERE IS expected to be unanimous agreement later this month by all trade unions represented at the St. James's Gate Dublin, brewery of Arthur Guinness on the company's comprehensive rationalisation programme aimed at reducing operating costs by some £2.5m. a year.

The cutback plan, reported in the Financial Times on May 4, is designed to bring production costs in the Dublin brewery more into line with those at Guinness's Park Royal, London plant. This will require a 30 per cent. improvement in productivity, according to a company spokesman here.

Graduated

Overall, the rationalisation programme is aimed at reducing the total work force at the Dublin brewery (and its marketing subsidiaries) by roughly one-third, or about 1,400 employees. However, it is intended that there will be no conventional redundancies; instead, the labour force is gradually to be reduced over a five-year period, commencing next January, through a

Haughton expects to meet new deadline

BY RAY DAFTER

MR. DANIEL HAUGHTON, chairman of Lockheed, is hopeful that he will not have to ask the British Government again to extend the period for completing negotiations over the TriStar and Rolls-Royce RB-211 engine contracts.

The Government had originally given yesterday as the deadline for a decision on the future of the projects, but with the backing of the U.S. Senate for \$250m. loans to Lockheed, now secured, it has, as expected, extended the deadline to August 24.

Loan Board

Nevertheless, both Lockheed and Rolls-Royce will have to work fast to complete the negotiations within this time limit.

They have still to negotiate the final terms of contracts with airline customers; Lockheed has to complete arrangements for loans with its banks; and two airlines important to the project, Air Canada and Delta,

Shaw Savill-Sitmar marketing merger

BY RAY DAFTER

SHAW SAVILL Line—a member of the Furness Withy group—and Sitmar Line are merging marketing and sales interests for their Europe-Australia-New Zealand passenger operations.

A Shaw Savill spokesman said it was planned to establish jointly-owned offices in London and major cities in Australia and New Zealand. Sea Travel Centre has been chosen as the name for these offices and it is planned that the final integration of the marketing operation will be complete by July, 1972.

Wider choice

The spokesman added that the new organisation would bring benefits to travel agents and the general public, particularly as the jointly-owned offices would provide a wider choice of sea travel opportunities at the one point.

Although not specified by the two lines, the joint operation must make any rationalisation of the services easier to effect. At present the ships of both lines operate similar services from Southampton to Australia and New Zealand, both handling a large number of migrant passengers as well as tourists. In addition Sitmar calls at Rotterdam.

Unions Act: chemists to register

By Our Labour Staff

THE 22,000-strong Royal Institute of Chemistry has decided to seek entry to the special register under the Industrial Relations Act. It will be one of the first chartered bodies to do so.

A spokesman for the RIC said yesterday that once the Association of Professional Scientists and Technologists is registered as a trade union under the Act, direct representation for professional chemists should be "the most comprehensive in the history of the profession."

The Association is due to be launched in January in a bid to prevent professional scientists from being forced into "unsuitable" unions by the Industrial Relations Act.

EX-SECRETARY OF STUC DIES

Mr. GEORGE MIDDLETON, former secretary of the Scottish TUC and vice-chairman of the Scottish Economic Planning Council, died at a Glasgow hospital yesterday.

Mr. Middleton, who was in his seventies, was a former Communist.

Need for EEC "summit"

BY CHRISTOPHER LORENZ

DR. RALF DAHRENDORF, the EEC commissioner responsible for external relations, has called for a West European summit conference "just before or just after Britain's entry to the EEC."

The enlarged community

FRANKFURT, August 8

would need many new types of ruling and, to some extent, new types of institution. A summit conference was the proper forum for such decisions, he said. In a week-end interview on a West German radio station, Dr. Dahrendorf also spoke in

All these securities have been sold. This announcement appears as a matter of record only.

SANDVIK

SANDVIKENS JERNVERKS AKTIEBOLAG

(Incorporated in Sweden with limited liability)

U.S.\$15,000,000 9 per cent. Bonds 1986

Issue Price 98½ per cent

Interest payable half-yearly on 1st February and 1st August

Hambros Bank Limited	Svenska Handelsbanken
Stockholms Enskilda Bank	Kidder, Peabody & Co. Incorporated
S. G. Warburg & Co. Limited	

Alahli Bank of Kuwait K.S.C.	Algemeine Bank Nederland N.V.	Amsterdam-Rotterdam Bank N.V.	Andresens Bank A/S
Arnhold and S. Bleichroeder, Inc.	Julius Baer International	Banca Commerciale Italiana	Banca Nazionale del Lavoro
Banca Privata Finanziaria S.p.A.	Banco Ambrosiano S.p.A.	Banco di Roma/Commerzbank A.G./Crédit Lyonnais	
Bank of America S.A.	Bank of London & South America	Bank Mees & Hope N.V.	Bankers Trust International
Banque de Bruxelles S.A.	Banque Française de Dépôts et de Titres	Banque Générale du Luxembourg S.A.	
Banque de l'Indochine	Banque Internationale à Luxembourg S.A.	Banque Lambert S.C.S.	Banque Louis-Dreyfus
Banque Nationale de Paris	Banque de Neufville, Schlumberger, Mallet	Banque Nordique de Commerce S.A.	
Banque de Paris et des Pays-Bas	Banque Populaire Suisse (Underwriters) S.A.	Banque Rothschild	
Banque de Suez et de l'Union des Mines	Banque de l'Union Européenne	Banque de l'Union Parisienne C.F.C.B.	
Banque Worms	Baring Brothers & Co., Limited	H. Albert de Bary & Co. N.V.	Bayerische Vereinsbank
Joh. Berenberg, Gossler & Co.	Bergens Privatbank	Berliner Handels-Gesellschaft—Frankfurter Bank	
Gunnar Bohn & Co. A/S	Burgard & Bröckelschen	Burkhardt & Co.	Cazenove & Co.
La Centrale Finanziaria Generale S.p.A.	Christiania Bank og Kreditkasse	Continental Bank S.A.	
Creditanstalt-Bankverein	Crédit Commercial de France S.A.	Crédit Industriel et Commercial	
Crédit Suisse (Bahamas)	Credito Italiano	Richard Daus & Co.	Den Danske Landmandsbank
Deutsche Bank Aktiengesellschaft	Deutsche Girozentrale-Deutsche Kommunalbank	Deutsche Unionbank G.m.b.H.	
Dewazay, Cortvriendt International S.A.	Dillon, Read Overseas Corporation	Dresdner Bank	Drexel Firestone
Edicentro S.p.A.	Effectenbank-Warburg	Euramerica International	Fellesbanken A.S.
Fleming, Suez, Brown Brothers	Girozentrale und Bank der österreichischen Sparkassen	Goldman Sachs International Corp.	
Gutzwiller, Kurz, Bungere Securities	Handelsbank in Zürich (Overseas)	R. Henriques jr.	Hill Samuel & Co.
The Hongkong and Shanghai Banking Corporation	Jardine Fleming & Co.	Kansallis-Osake-Pankki	
Kjøbenhavn Handelsbank A/S	Kleinwort, Benson (Europe) S.A.	Kreditbank N.V.	
Kreditbank S.A. Luxembourg	Kuhn, Loeb & Co. International	Lazard Brothers & Co., Limited	
Lazard Frères & Cie	Lazard Frères & Co.	Lehman Brothers	Libert Peterbroeck Securities S.A.
Loeb, Rhoades & Co.	Manufacturers Hanover	Merrill Lynch, Pierce, Fenner & Smith	Model, Roland & Co., Inc.
Samuel Montagu & Co.	Morgan & Cie International S.A.	Morgan Grenfell & Co.	
Nederlandsche Middenstandsbank N.V.	AB Nordiska Föreningsbanken	Den norske Creditbank	
Sal. Oppenheim jr. & Cie	Pierson, Holding & Pierson	Privatbanken i Kjøbenhavn	N. M. Rothschild & Sons Limited
Rowe & Pitman	Salomon Brothers	J. Henry Schroder Wagg & Co.	Skandinaviska Banken
Smith, Barney & Co.	Société Générale	Société Générale de Banque S.A.	Strauss, Turnbull & Co.
Swiss Bank Corporation (Overseas)	Swiss Italian Banking Corporation	Union Bank of Switzerland (Underwriters)	
C. G. Trinkaus	Vereinsbank in Hamburg	M. M. Warburg-Brinckmann, Wirtz & Co.	
Westdeutsche Landesbank Girozentrale	Western American Bank (Europe)	White, Weld & Co.	

9th August 1971

COMPANY NEWS + COMMENT

Bank Bridge confident of more growth

HAVING REGARD to current development and plans, we are confident of a further increase in profits this year," says Mr. R. A. Palfreyman, chairman of Bank Bridge Securities.

"We regard our investment in good growth or potential growth areas as the basis for future expansion and we will take every opportunity to increase our interests in these and related fields," he adds.

Since the year end the group has acquired a 90 per cent interest in A. G. Minard and Sons form, with existing interests in textiles. This industry is expected to provide a major contribution to group profits in the current year.

As reported on July 20 pre-tax profit for the year ended March 31, 1971, was £1,185,000 (£412,488) with a dividend of 43 per cent, 30 per cent. A one-for-ten scrip also proposed.

Analysis of profit and turnover shows investment banking contributed £286,128 and £209 (£241); motor £129,240 (£57) and £128 (£132); automobiles £1,000 (£102) and £1,131 (£233); textiles £102 (£145) and £57 (£1,303); engineering £190 and £1,988.

Decentralisation of the company in the power, communications and automation group has now been completed, reports the chairman, and after certain elements the company is left with a "very viable" units contributing more in group profits than is original organisation.

Mr. Palfreyman comments that confidence in British Benzol and al Distillation, in which Bank Bridge has a 51 per cent stake, having the offer for sale in August, 1971, has been fully justified.

Members are asked to approve an increase in authorised share capital from £250,000 to £2m. At March 31, 1971, the chairman had 1,436,723 (£589,673) shares.

Meeting, Manchester, August 26, noon.

comment

nee reporting nearly troubled c-tax profits for 1970-71 three

seks ago, Bank Bridge's share

has fallen from 51p to 44p. It

then this is not too surpris-

ing. In fact, the year's per-

formance seems unlikely to be

peared over 1971-72. Not only

there is an obvious gap to be

filled in dealing profits (last

year, the contribution of British

textiles, £1,000, but now it also

looks if Benzol itself—now 51 per

cent, owned—is in for a year of

liquidation after contributing

£10m's share of last year's rise

of over half the group profits.

multitied. Benzol may surprise

people but demand is only now

king up after a quiet start to

year and the group will not

the benefit of price rises

(October for a year ending

rch) and its new ovens until

ril. So that, more or less,

the onus for Bank Bridge's

with on the automation

tion (both the motor dealing

textiles are too small to have

a real impact. However, a

diluted a c of 10.6 is not

ing too much.

HIGHLIGHTS

Quite an impressive clutch of "names" come up for analytical scrutiny this week. Commercial Union Assurance starts the ball rolling to-day with sixth month profits, while on Wednesday we have half-timers from consumer durables major Hoover plus Slater Walker Securities and Anglo-Dutch giant Unilever. Thursday takes in interim results from Guest Keen and International Combustion. This much apart, it looks like proving another traditionally quiet week in August.

dividend at 27½ per cent. for the year to March 31, 1971, with a final of 20 per cent.

Group profit was £41,512 (£38,684) subject to tax of £15,198 (£28,128).

British Benzol optimistic

BECAUSE OF the abnormally high coke and fuel stocks held by merchants and industrial users, the current year has opened on a quiet note for British Benzol Carbons, with a noticeable drop in demand, states chairman Mr. F. G. Mulryan.

However, demand is showing signs of picking up and given an "average" winter, "we should be able to dispose of our production," the chairman adds. In addition, benefit of higher prices will be coming through in the autumn.

Total cost of the capital expenditure is £270,000. "When this work is completed we can look forward to greatly increased capacity and additional profits," states the chairman.

In the year ended March 31, 1971, profits of the group—51 per cent, owned by Bank Bridge Securities—amounted to £860,140 compared with the August profit forecast of £400,000 and with a subsequent revised estimate of £600,000.

While the directors are satisfied that the purchase consideration of £250,000 is fully justified by the profit level, they consider it prudent to write down the cost of the investment thereby reducing the book value of Benzol, and £250,000 has been applied for this purpose. It is intended to make further write downs in future years as profits allow.

As reported July 18 the dividend is 30 per cent against 22 per cent, fore-shadowed. A one-for-two scrip issue is also proposed. Meeting, Manchester, August 26, at 11.30 a.m.

Gandy now picking up

Mr. A. E. Fuller, chairman of Gandy, has now sent his interim report. The loss of £57,028 for the seven months to February 28, 1971, looks a record of delays in opening the new warehouse, the postal strike, heavy interest charges, and price cutting in the frictions market.

Viewing short-term prospects, Mr. Fuller says the last five months of current year should see the first benefits of closing the Manchester premises—they were sold in March, resulting in a much easier liquidity position and lower interest charges. With the opening of the new warehouse, production conditions are very much improved and "we are hopeful that

the rate of loss for the last five months will be lower than for the first seven months.

Over the long term he feels if market conditions are stable and the drift of material and labour costs can be controlled, he believes over a reasonable period, lost ground can be recovered. There are a number of alternative ways by which profitability might be improved and these are at present being evaluated.

Present outstanding orders of The Dover Engineering Works are encouraging as compared with last year, says chairman, Mr. H. J. Holdstock.

Productivity has increased, and measures taken to date combined with the redesign of "Gatic" and the new products being developed appear well for the future, he adds.

Benefits of new production plant and processes being undertaken at the Dover works will come about in the early part of 1972, but already this year productivity has been improved.

As reported on June 25 group pre-tax income for the year to March 31, 1971, was £28,267 (£107,465) and the dividend 22 per cent. (same plus a special bonus of 3 per cent.). Turnover was £854,373 (£694,533).

A breakdown of turnover and profit shows: "Elkington Gatic" covers and frames £718,336 and £37,008; "Waltec" production

milling machines £143,015 (loss £17,503); machine tool fixtures £23,622 and loss £14,733. Royalties interest and dividends provided £81,732 of profit.

The contribution from royalties can be expected to remain at the same level during the current year but, due to the termination of at least one licence agreement the income from this source in the financial year 1972-73 could well be reduced by approximately 30 per cent. and by 67 per cent. in the financial year 1973-74.

Approaches are, however, being made in two important territories where "Gatic" products are not used with a view to granting manufacturing licences or the creation of selling agencies, and it is hoped to enter into new agreements in the territories covered by the expiring licences.

Meeting, Dover, September 1, noon.

comment

Since coming to the market 15 years ago Dover has withstood its fair share of troubles, but what the report has now to say about

dividend income trends after 1971-72 is going to take a deal of riding. The profits for last year had its points, with the first-half setback 140 per cent, pre-tax

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10% from Empress Services

Empress Services (Holdings)—formerly Yaterda Investments—recommends a dividend of 10 per cent. (nil) for the 15 months to March 31, 1971.

On a turnover of £1,418,714, group pre-tax profit was £24,992, after reorganisation costs £12,000 and exceptional losses of a subsidiary £10,638. The results comprise those of the trading subsidiaries for a year and investment income of Empress for 15 months.

Tax takes £28,300, and the dividend absorbs £28,500 after a waiver by the managing director, Mr. I. Emanuel, on his holding.

A breakdown of turnover and profit shows earnings contracting £8,232 per cent, and £89,267; painting contracting 9.06 and loss £7,815; electrical contracting 4.62 and loss £10,958. Investment income provided £4,498 to profit.

The losses incurred by E. W. G. Electrical Services have been eliminated by discontinuing electrical installation work. Its main form of business is now electrical maintenance.

Mr. J. P. Nash, chairman, says because of the major reorganisation and the fact that the Board felt it prudent to see the operating evidence of improvements the application for restoration of quotation was deferred.

However plans are well advanced in that respect and it is hoped that a successful application will be made to the Stock Exchange in the near future.

Meeting, Kettering, September 6, noon.

Mid-way profit for Kirby's

The chairman of Kirby's, Sir Stanley Bell, says that, although turnover of the first half of 1971 has not achieved the hoped-for increase, the improvement attained plus reductions in overheads has resulted in profitable trading.

As the earlier part of the trading year is invariably the more profitable, and because of disappointments in recent years, he is reluctant at this stage to forecast the final result.

So much, he states, will depend both upon manufacturers maintaining the supply of new commercial vehicles and cars, and the group's own ability to hold profit margins.

As known, there was a net loss of £70,020 (£82,811) for 1970 and the dividend was again passed.

The Liverpool-based group trades as motor engineers and salesmen and motor vehicle distributors.

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Comben & Wakeling

makes good start

The year to date has begun well for Comben and Wakeling, sales are at a record level and considerably improved results are anticipated, says the chairman, Mr. L. Roydon.

As reported on July 14, group pre-tax profit for the 15 months to March 31, 1971, including 12 months from Carlton Homes, amounted to £221,378. In the 12 months of 1969, Comben and Wakeling reported a loss of £5,561.

The dividend is 20 per cent. for the period on capital increased by the merger with Carlton Homes, amounting to £221,378. In the 12 months of 1969, Comben and Wakeling reported a loss of £5,561.

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AUTHORISED UNIT TRUSTS (p+*)

Unit Trust	Yield %	Unit Trust	Yield %	Unit Trust	Yield %
(a) Abscon Management Ltd.	4.0	(c) Equity & Law Unit Tr. Ltd.	4.0	(e) W. & W. Unit Tr. Ltd.	4.0
(b) Allied Investors Tr. Ltd.	4.0	(d) Equity & Law Unit Tr. Ltd.	4.0	(f) W. & W. Unit Tr. Ltd.	4.0
(c) First Provincial Group	4.0	(e) Equity & Law Unit Tr. Ltd.	4.0	(g) W. & W. Unit Tr. Ltd.	4.0
(d) First Provincial Group	4.0	(f) Equity & Law Unit Tr. Ltd.	4.0	(h) W. & W. Unit Tr. Ltd.	4.0
(e) First Provincial Group	4.0	(g) Equity & Law Unit Tr. Ltd.	4.0	(i) W. & W. Unit Tr. Ltd.	4.0
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(h) First Provincial Group	4.0	(j) Equity & Law Unit Tr. Ltd.	4.0	(l) W. & W. Unit Tr. Ltd.	4.0
(i) First Provincial Group	4.0	(k) Equity & Law Unit Tr. Ltd.	4.0	(m) W. & W. Unit Tr. Ltd.	4.0
(j) First Provincial Group	4.0	(l) Equity & Law Unit Tr. Ltd.	4.0	(n) W. & W. Unit Tr. Ltd.	4.0
(k) First Provincial Group	4.0	(m) Equity & Law Unit Tr. Ltd.	4.0	(o) W. & W. Unit Tr. Ltd.	4.0
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(m) First Provincial Group	4.0	(o) Equity & Law Unit Tr. Ltd.	4.0	(q) W. & W. Unit Tr. Ltd.	4.0
(n) First Provincial Group	4.0	(p) Equity & Law Unit Tr. Ltd.	4.0	(r) W. & W. Unit Tr. Ltd.	4.0
(o) First Provincial Group	4.0	(q) Equity & Law Unit Tr. Ltd.	4.0	(s) W. & W. Unit Tr. Ltd.	4.0
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(r) First Provincial Group	4.0	(t) Equity & Law Unit Tr. Ltd.	4.0	(v) W. & W. Unit Tr. Ltd.	4.0
(s) First Provincial Group	4.0	(u) Equity & Law Unit Tr. Ltd.	4.0	(w) W. & W. Unit Tr. Ltd.	4.0
(t) First Provincial Group	4.0	(v) Equity & Law Unit Tr. Ltd.	4.0	(x) W. & W. Unit Tr. Ltd.	4.0
(u) First Provincial Group	4.0	(w) Equity & Law Unit Tr. Ltd.	4.0	(y) W. & W. Unit Tr. Ltd.	4.0
(v) First Provincial Group	4.0	(x) Equity & Law Unit Tr. Ltd.	4.0	(z) W. & W. Unit Tr. Ltd.	4.0
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(x) First Provincial Group	4.0	(z) Equity & Law Unit Tr. Ltd.	4.0		
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OFFSHORE AND OVERSEAS FUNDS (p+*)

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(b) Allied Investors Tr. Ltd.	4.0	(d) Equity & Law Unit Tr. Ltd.	4.0	(f) W. & W. Unit Tr. Ltd.	4.0
(c) First Provincial Group	4.0	(e) Equity & Law Unit Tr. Ltd.	4.0	(g) W. & W. Unit Tr. Ltd.	4.0
(d) First Provincial Group	4.0	(f) Equity & Law Unit Tr. Ltd.	4.0	(h) W. & W. Unit Tr. Ltd.	4.0
(e) First Provincial Group	4.0	(g) Equity & Law Unit Tr. Ltd.	4.0	(i) W. & W. Unit Tr. Ltd.	4.0
(f) First Provincial Group	4.0	(h) Equity & Law Unit Tr. Ltd.	4.0	(j) W. & W. Unit Tr. Ltd.	4.0
(g) First Provincial Group	4.0	(i) Equity & Law Unit Tr. Ltd.	4.0	(k) W. & W. Unit Tr. Ltd.	4.0
(h) First Provincial Group	4.0	(j) Equity & Law Unit Tr. Ltd.	4.0	(l) W. & W. Unit Tr. Ltd.	4.0
(i) First Provincial Group	4.0	(k) Equity & Law Unit Tr. Ltd.	4.0	(m) W. & W. Unit Tr. Ltd.	4.0
(j) First Provincial Group	4.0	(l) Equity & Law Unit Tr. Ltd.	4.0	(n) W. & W. Unit Tr. Ltd.	4.0
(k) First Provincial Group	4.0	(m) Equity & Law Unit Tr. Ltd.	4.0	(o) W. & W. Unit Tr. Ltd.	4.0
(l) First Provincial Group	4.0	(n) Equity & Law Unit Tr. Ltd.	4.0	(p) W. & W. Unit Tr. Ltd.	4.0
(m) First Provincial Group	4.0	(o) Equity & Law Unit Tr. Ltd.	4.0	(q) W. & W. Unit Tr. Ltd.	4.0
(n) First Provincial Group	4.0	(p) Equity & Law Unit Tr. Ltd.	4.0	(r) W. & W. Unit Tr. Ltd.	4.0
(o) First Provincial Group	4.0	(q) Equity & Law Unit Tr. Ltd.	4.0	(s) W. & W. Unit Tr. Ltd.	4.0
(p) First Provincial Group	4.0	(r) Equity & Law Unit Tr. Ltd.	4.0	(t) W. & W. Unit Tr. Ltd.	4.0
(q) First Provincial Group	4.0	(s) Equity & Law Unit Tr. Ltd.	4.0	(u) W. & W. Unit Tr. Ltd.	4.0
(r) First Provincial Group	4.0	(t) Equity & Law Unit Tr. Ltd.	4.0	(v) W. & W. Unit Tr. Ltd.	4.0
(s) First Provincial Group	4.0	(u) Equity & Law Unit Tr. Ltd.	4.0	(w) W. & W. Unit Tr. Ltd.	4.0
(t) First Provincial Group	4.0	(v) Equity & Law Unit Tr. Ltd.	4.0	(x) W. & W. Unit Tr. Ltd.	4.0
(u) First Provincial Group	4.0	(w) Equity & Law Unit Tr. Ltd.	4.0	(y) W. & W. Unit Tr. Ltd.	4.0
(v) First Provincial Group	4.0	(x) Equity & Law Unit Tr. Ltd.	4.0	(z) W. & W. Unit Tr. Ltd.	4.0
(w) First Provincial Group	4.0	(y) Equity & Law Unit Tr. Ltd.	4.0		
(x) First Provincial Group	4.0	(z) Equity & Law Unit Tr. Ltd.	4.0		
(y) First Provincial Group	4.0				
(z) First Provincial Group	4.0				

FINANCIAL TIMES STOCK INDICES

Index	Aug 4	Aug 5	Aug 6	Aug 7	Aug 8	Aug 9
Government Sec.	74.36	74.36	74.36	74.36	74.36	74.36
Fixed Interest	74.36	74.36	74.36	74.36	74.36	74.36
Industrial Ordinary	305.9	305.9	305.9	305.9	305.9	305.9
Industrial Preference	305.9	305.9	305.9	305.9	305.9	305.9
Ord. Yld. Index	3.88	3.88	3.88	3.88	3.88	3.88
Dividend Yield	5.20	5.20	5.20	5.20	5.20	5.20
P. & F. Ratio	10.16	10.16	10.16	10.16	10.16	10.16
Share Price	114.94	114.94	114.94	114.94	114.94	114.94

Money & Exchanges

Fixed period rates tended to soften on balance in various markets, but on Friday were hardening in some cases. Sterling rose 1/2 cent on balance against the U.S. dollar in inter-bank dealings last week to 24 1/2. The French moves to restrict the flow of funds into France led to considerable confusion in the market. There was uncertainty over the arrangements until the end. The dollar came under renewed pressure against leading currencies in general, but there were some erratic fluctuations. At one point there was a clear premium on French francs on non-commercial account, but by the close the distinction between commercial and non-commercial operations, if not entirely lost, was tending to disappear. Sterling was quoted at a level as low as 24 1/2 at one time on Tuesday, before the French currency measures were announced the following day. On Wednesday, the bank of England stepped in to buy francs at a discount of 1/2 per cent on the pound, and the market for the pound narrowed to a few cents. There were good spot gains on number of major units, though a tendency was for them to end somewhat below their best of the week. The French franc remained at or virtually at par with the official dollar at 6 1/2 (with non-commercial francs touching a level of 6 1/2).

FOREIGN EXCHANGES

City	Rate	City	Rate	City	Rate
New York	24 1/2	London	24 1/2	Paris	24 1/2
Frankfurt	24 1/2	Geneva	24 1/2	Zurich	24 1/2
Basel	24 1/2	Brussels	24 1/2	Amsterdam	24 1/2
Stockholm	24 1/2	Copenhagen	24 1/2	Helsinki	24 1/2
Bombay	24 1/2	Calcutta	24 1/2	Rangoon	24 1/2
Singapore	24 1/2	Manila	24 1/2	Batavia	24 1/2
Sourabaya	24 1/2	Yokohama	24 1/2	Osaka	24 1/2
Kobe	24 1/2	Tokyo	24 1/2	Seoul	24 1/2
Beijing	24 1/2	Peking	24 1/2	Harbin	24 1/2
Qingdao	24 1/2	Tientsin	24 1/2	Shanghai	24 1/2

ACCOUNT DEALING DATES

Account	Dealings	Account	Dealings	Account	Dealings
First	24 Aug	Second	24 Aug	Third	24 Aug
Fourth	24 Aug	Fifth	24 Aug	Sixth	24 Aug
Seventh	24 Aug	Eighth	24 Aug	Ninth	24 Aug
Tenth	24 Aug	Eleventh	24 Aug	Twelfth	24 Aug
Thirteenth	24 Aug	Fourteenth	24 Aug	Fifteenth	24 Aug
Sixteenth	24 Aug	Seventeenth	24 Aug	Eighteenth	24 Aug
Nineteenth	24 Aug	Twentieth	24 Aug	Twenty-first	24 Aug
Twenty-second	24 Aug	Twenty-third	24 Aug	Twenty-fourth	24 Aug
Twenty-fifth	24 Aug	Twenty-sixth	24 Aug	Twenty-seventh	24 Aug
Twenty-eighth	24 Aug	Twenty-ninth	24 Aug	Thirtieth	24 Aug

REGIONAL MARKETS

Market	Price	Market	Price	Market	Price
London	24 1/2	Paris	24 1/2	Frankfurt	24 1/2
Geneva	24 1/2	Zurich	24 1/2	Basel	24 1/2
Brussels	24 1/2	Amsterdam	24 1/2	Stockholm	24 1/2
Copenhagen	24 1/2	Helsinki	24 1/2	Bombay	24 1/2
Calcutta	24 1/2	Rangoon	24 1/2	Singapore	24 1/2
Manila	24 1/2	Batavia	24 1/2	Sourabaya	24 1/2
Yokohama	24 1/2	Osaka	24 1/2	Kobe	24 1/2
Tokyo	24 1/2	Seoul	24 1/2	Beijing	24 1/2
Peking	24 1/2	Harbin	24 1/2	Qingdao	24 1/2
Tientsin	24 1/2	Shanghai	24 1/2		

10-CURRENCY INTEREST RATES

Currency	Rate	Currency	Rate	Currency	Rate
U.S. dollar	24 1/2	British pound	24 1/2	French franc	24 1/2
German mark	24 1/2	Italian lira	24 1/2	Japanese yen	24 1/2
Swiss franc	24 1/2	Belgian franc	24 1/2	Dutch guilder	24 1/2
Australian dollar	24 1/2	New Zealand dollar	24 1/2	South African rand	24 1/2
Indian rupee	24 1/2	Pakistani rupee	24 1/2	Sri Lankan rupee	24 1/2
Thai baht	24 1/2	Singapore dollar	24 1/2	Malaysian ringgit	24 1/2
Philippine peso	24 1/2	Indonesian rupiah	24 1/2	Burmese kyat	24 1/2
Myanmar kyat	24 1/2	Laotian kip	24 1/2	Cambodian riel	24 1/2
Vietnamese dong	24 1/2	North Vietnamese dong	24 1/2	South Vietnamese dong	24 1/2

EXCHANGE CROSS-RATES

From	To	Rate	From	To	Rate
U.S. dollar	British pound	24 1/2	British pound	U.S. dollar	24 1/2
British pound	French franc	24 1/2	French franc	British pound	24 1/2
French franc	German mark	24 1/2	German mark	French franc	24 1/2
German mark	Italian lira	24 1/2	Italian lira	German mark	24 1/2
Italian lira	Japanese yen	24 1/2	Japanese yen	Italian lira	24 1/2
Japanese yen	Swiss franc	24 1/2	Swiss franc	Japanese yen	24 1/2
Swiss franc	Belgian franc	24 1/2	Belgian franc	Swiss franc	24 1/2
Belgian franc	Dutch guilder	24 1/2	Dutch guilder	Belgian franc	24 1/2
Dutch guilder	Australian dollar	24 1/2	Australian dollar	Dutch guilder	24 1/2
Australian dollar	New Zealand dollar	24 1/2	New Zealand dollar	Australian dollar	24 1/2
New Zealand dollar	South African rand	24 1/2	South African rand	New Zealand dollar	24 1/2
South African rand	Indian rupee	24 1/2	Indian rupee	South African rand	24 1/2
Indian rupee	Pakistani rupee	24 1/2	Pakistani rupee	Indian rupee	24 1/2
Pakistani rupee	Sri Lankan rupee	24 1/2	Sri Lankan rupee	Pakistani rupee	24 1/2
Sri Lankan rupee	Thai baht	24 1/2	Thai baht	Sri Lankan rupee	24 1/2
Thai baht	Singapore dollar	24 1/2	Singapore dollar	Thai baht	24 1/2
Singapore dollar	Malaysian ringgit	24 1/2	Malaysian ringgit	Singapore dollar	24 1/2
Malaysian ringgit	Philippine peso	24 1/2	Philippine peso	Malaysian ringgit	24 1/2
Philippine peso	Indonesian rupiah	24 1/2	Indonesian rupiah	Philippine peso	24 1/2
Indonesian rupiah	Burmese kyat	24 1/2	Burmese kyat	Indonesian rupiah	24 1/2
Burmese kyat	Laotian kip	24 1/2	Laotian kip	Burmese kyat	24 1/2
Laotian kip	Cambodian riel	24 1/2	Cambodian riel	Laotian kip	24 1/2
Cambodian riel	Vietnamese dong	24 1/2	Vietnamese dong	Cambodian riel	24 1/2
Vietnamese dong	North Vietnamese dong	24 1/2	North Vietnamese dong	Vietnamese dong	24 1/2
North Vietnamese dong	South Vietnamese dong	24 1/2	South Vietnamese dong	North Vietnamese dong	24 1/2

WEEKLY AVERAGES OF U.K. INDICES

Index	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Government Sec.	74.36	74.36	74.36	74.36	74.36	74.36
Fixed Interest	74.36	74.36	74.36	74.36	74.36	74.36
Industrial Ordinary	305.9	305.9	305.9	305.9	305.9	305.9
Industrial Preference	305.9	305.9	305.9	305.9	305.9	305.9
Ord. Yld. Index	3.88	3.88	3.88	3.88	3.88	3.88
Dividend Yield	5.20	5.20	5.20	5.20	5.20	5.20
P. & F. Ratio	10.16	10.16	10.16	10.16	10.16	10.16
Share Price	114.94	114.94	114.94	114.94	114.94	114.94

SHARE INFORMATION SERVICE: NOTES

The following notes relate to Share Information Service:
 1. Figures based on prospectus or other official estimates for 1971-72. Figures based on prospectus or other official estimates for 1970-71 are shown in parentheses.
 2. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 3. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 4. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 5. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 6. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 7. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 8. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 9. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.
 10. Figures based on prospectus or other official estimates for 1971-72 are shown in parentheses.

Answer: **1**

"Recent Issues" and "Rights" Page 73

Financial Times Monday August 9 1971

Table with 10 columns: Stock, Price, Change, etc. Includes sections for Stocks, Shares, and Bonds.

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Lombard

From the poor to the rich with love

BY C. GORDON TETHER

WHEN Mr. Michael Foot said during the recent EEC debate in the Commons that he had a soft spot for the inefficient French farmer but could not see why the people of Ebbw Vale should be asked to subsidise him, he touched upon an unsavoury aspect of the terms for British entry that has so far received far less attention than it deserves. I am thinking of the fact that they involve something so very much in conflict with accepted ethics as a relatively poor nation being obliged to contribute generously to the support of its richer neighbours.

Real point

The real point, however, is that supporting one's own impoverished is far from being the same thing as supporting other countries' hard cases. And one would have thought that it would be extremely difficult to persuade the British people that it was a reasonable thing to ask them to donate upwards of £10 per head each year towards this cause when so much is being made of the fact that the countries they are being asked to support are far richer than themselves—and therefore, manifestly in a much better position to succour their own needy.

And the statistics show plainly enough that only one of the Common Market countries—Italy—has a lower average per capita income than ourselves. All the others are a quarter to a third better off, including the one that will be the principal beneficiary of Britain's proposed largesse.

The implied affront to the civilised world's moral precept, that it is the rich who give to the poor and not vice versa, looks more invidious still when account is taken of other highly relevant considerations. It is an unfortunate fact, to begin with, that the British people are being asked to contribute to a charitable commitment in respect of the succouring of other countries' lame ducks just when they are being told that resources simply cannot be spared for even the most deserving cases on their own doorstep.

Honour bound
It is the case, too, that this charge is being loaded onto a country that has been carrying the burden of its fair share of the cost of financing other international good causes. Thus not only has Britain been contributing far more foreign exchange than any of the EEC countries to the preservation of the modern defence of the Free World, but like those countries, it has been forced to carry throughout the past quarter of a century an enormous international payments burden arising from the debts incurred in defence of European freedom in two World Wars.

It might have been thought that as the peoples of the European Community have benefited in such measure from the real overseas Britain did to liberalise them in 1945, they would have seen themselves as honour bound to refrain from wringing any more money from her now that she has fallen to a significant extent as a result of the toll taken by that immense effort—to the poor relation class.

No gratitude
But if their sense of gratitude was not sufficient to enable them to see that it was hardly the thing to pressurise Britain to make huge charitable commitments to us in return for their club, one might at least have hoped that they would have been big enough to recognise that the proper estimation for such enforced generosity was the real overseas poor—not a region so exceptionally affluent that it could easily afford to look after all its underprivileged itself.

The White Paper claimed that the EEC has been devoting progressively more to overseas aid an Britain. What it didn't say was that the Government's unwillingness to contribute British money so lavishly to the support of EEC's poor farmers will judge all that.

THE LEX COLUMN

Messages in activity statistics

Now that we have four months of statistics for stock exchange transactions subsequent to the abolition of the short-term capital gains tax as such, it is tempting to draw the conclusion that volume of turnover in equities has moved to a definably higher plateau—average daily value being half again above the 1968-9 peak levels. That may indeed be so but a close study of the figures going back some way produces some very interesting side conclusions.

Overall trend

Looking strictly at equity turnover, the most evident trend has been the increase in the value of the average deal with the passage of time. From 1965 to date there has been a rise every year from a figure of about £1,000 through £2,050 in 1970 up to £2,770 in July; indeed a rather sudden jump of about £250 per deal in the past four months to an average of £2,850 can be regarded as

merely consistent with the overall trend. The trend itself will, of course, surprise no one though the figures are striking.

Again within the overall trend it will come as no surprise that the average size of bargains has tended to fall as the number of transactions rose and vice versa. As rising activity is associated with rising prices in broad terms (and again vice versa) it would be only natural that the average bargain should tend to be low at market highs and high at bottoms—despite the contrary effect of price on value. However, the actual figures suggest that average bargain sizes are not just a simple inverse reflection of activity. They appear to be also pointers to the quality of buying in the market.

Some examples may be helpful. In November 1967, average daily transactions soared to 24,000 from 20,500 in October and 16,700 in September. Yet average size actually rose (even if adjusted for price action) and

this it will be recalled was half way through a bull market. That November volume was in fact the same as the mean of volume in September 1968 and January 1969 (peaks for the FT index) when average size adjusted for price action was nearly a fifth lower. The latter month (the all-share index peak) was the activity top (£28,000 daily average); by April average size was picking up and the trend to lower size was reversed.

Interpretation

Again in late 1969 and early 1970, when the indices were trying a recovery from the first leg of the bear market, activity soared from the low summer levels (to 24,800 daily in January 1970) but the upward trend in average size held intact. If adjustment is again made for price action, the peak for size came in July 1970. It has remained high since then and this in itself would suggest that the quality of buying in the

market at present is acceptably high and reflective of an up-trend in prices which is not in a very mature stage.

It would require a much longer history of activity statistics before any claims for the predictive value of this indicator had much value. Scrapping the barrel is all we can do in the absence of full daily turnover statistics. The chief danger to interpretation is that the long-term trend to rising size can distort the picture out of usefulness. But broadly the rule is that rising activity along with falling size marks a rising market, and falling activity along with rising size marks a falling one. As with all such concurrent indicators, the tricky pseudo-paradox remains that the peaks have to be interpreted the other way round.

World Bank

The interest of the £10m. World Bank 8 per cent. issue is of course the terminal date of

1976, which brings it into the fold of the "shorts" and hence a potential counter for the banks and even the building societies. For perspective, the 8 per cent yield compares with 8.3 per cent for the existing World Bank 5 per cent. issue 1977-82, which, because of its sinking fund, the specialist can compare with Exchequer 5's 1976-8. Under 5 years, however, the options are a yield of just over 7 per cent on the comparable gilt, perhaps 7½ for a local authority issue and about 7.8 for a corporation loan. So if the banks take to it, it will surely go better than par even though it is unlikely to be a very good proposition from the angle of marketability.

Meanwhile the fact that a tax-paying individual can get an appreciably better yield from a building society raises some thoughts about the whole interest rate structure in the U.K. Given an historically normal structure, there is much logic in the corporate sector's tradition

of borrowing at the two extremes—either by overdraft or by 25-year funding. What is surprising, at a time when the Government and local authorities are borrowing one year money at 5½ to 7 per cent, and 25-year money costs 10½ per cent, to the very best companies, is that the corporate sector should have shown virtually no flexibility in its attitude to borrowing somewhere in between.

Many, it is true, are hindered by existing borrowing which prevents future funding with earlier redemption dates. But, bearing this in mind (aside from the scope for ingenuity), there is a serious gap in our capital market for the second-rank company trying to fund at the long end; and the fact is that 5-year money is available in the market at a rate no higher than overdraft cost. Both here and in the 5- to 10-year bracket there is great scope for enterprise in London.

See also Page 12

Davies told UCS orders must be renegotiated

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, August 8.

MR. JOHN DAVIES, Secretary for Trade and Industry, has understood been warned that unless orders for ships not yet started at Upper Clyde Shipbuilders are re-negotiated with the owners quite soon the new company the Government intends to set up in its place may find itself without work.

UCS is now in liquidation; and the setting up of the new company envisaged by Mr. Davies (on the recommendation of his four advisers) requires new legislation. This cannot be introduced until the House of Commons resumes after the summer recess, on October 13. In the meantime preliminary work on these ships—13 24,000-ton standard bulk carriers—has been suspended by the liquidator, Mr. Robert C. Smith.

Depressed state

All sales activities for future orders have also been stopped and Mr. Smith is in the process of disbanding the forward planning and marketing departments.

Credit guarantees have so far been issued in respect of only four of the 13 ships. The others have been ordered by Irish shipping which apparently still wants them. But it has now been brought to Mr. Davies' attention that unless the customers are told quite soon that UCS's sales and suppliers would switch production to other yards or simply sack the men working on UCS equipment.

This in turn could seriously jeopardise the building programme which is based on series production of bulk carriers and standard "Clyde design" cargo ships, even if the orders for the 13 ships are ordered. If they are not, work at all UCS yards will dry up by the spring, not only at the doomed Clydebank and Scotstoun yards, but also at the Govan-Linthouse complex on which the Government's future plans for the Upper Clyde are based.

Mr. Davies will be on holiday in the south of France for the next four weeks; and Sir John



Sir John Eden

the large amount of laid-off tonnage.

Mr. Davies has also been advised that if there are delays in ensuring continuity between UCS and its successor, many of the UCS's existing suppliers would switch production to other yards or simply sack the men working on UCS equipment.

This in turn could seriously jeopardise the building programme which is based on series production of bulk carriers and standard "Clyde design" cargo ships, even if the orders for the 13 ships are ordered. If they are not, work at all UCS yards will dry up by the spring, not only at the doomed Clydebank and Scotstoun yards, but also at the Govan-Linthouse complex on which the Government's future plans for the Upper Clyde are based.

Mr. Davies will be on holiday in the south of France for the next four weeks; and Sir John

Eden, Minister for Industry, is to meet a deputation of UCS shop stewards in London tomorrow in yet another effort to get the Government and the unions on the same wavelength regarding the future of UCS.

The stewards want UCS to be retained in its present form while the Government has so far insisted on its own solution which would provide work for less than a third of the present labour force of 8,400.

To-morrow, when UCS's Govan and Scotstoun yards and the Linthouse steel factory return from their summer holidays, workers will be asked at mass meetings to support the "work in" started by the joint shop stewards' committee at the Clydebank yard on July 30.

On Tuesday, shop stewards invited from factories and shipyards all over Scotland to a meeting in Glasgow will hear an appeal for funds by the UCS shop stewards. Although the stewards are pleased with the UCS's existing suppliers would switch production to other yards or simply sack the men working on UCS equipment.

This in turn could seriously jeopardise the building programme which is based on series production of bulk carriers and standard "Clyde design" cargo ships, even if the orders for the 13 ships are ordered. If they are not, work at all UCS yards will dry up by the spring, not only at the doomed Clydebank and Scotstoun yards, but also at the Govan-Linthouse complex on which the Government's future plans for the Upper Clyde are based.

Mr. Davies will be on holiday in the south of France for the next four weeks; and Sir John

the large amount of laid-off tonnage.

Trust Houses Forte peace bid

By Kenneth Gooding

AN ATTEMPT to patch up the dispute which has split the Board of Trust Houses Forte, Britain's biggest hotel and catering combine, will be made to-day at a meeting of the Council of the Trusts.

But so far no decision has been reached by the trustees on what line they should take. Lord Hacking, the solicitor who heads the Council, commented last night: "We go in with no foregone conclusions. Our minds have still to be made up."

The THF directors split over the sacking of managing director Mr. Michael Pickard by majority vote. This left the Board in two distinct factions—those directors formerly with the Trust Houses hotel group and those who came from Sir Charles Forte's catering concern.

Since Mr. Pickard's dismissal as managing director, Sir Charles, the deputy chairman, and Lord Crowther, the chairman, have been acting as joint managing directors. The trustees who hold the voting control of THF were invited to put forward proposals which might end the Boardroom deadlock.

Lord Hacking said: "This gives the trustees a bell of a responsibility, particularly to the City, where there has been a great loss of confidence in the group. We must also remember the City does not like the way the group is controlled by the trustees' votes—and, for that matter, neither do I."

The nine-strong Council will see to-day Lord Crowther and Sir Charles but none of the other directors—not even the man at the centre of the dispute, Mr. Pickard, who is still on the Board.

Lord Hacking pointed out that the trustees have no executive responsibility. "We can only make recommendations. It is up to the Board whether it decides to follow our advice and whether it should make public the suggestions we put forward."

NATO reviews Malta position

By Our Own Correspondent

BRUSSELS, Aug. 8. THE NATO Permanent Council met in emergency session here to-day to discuss the Malta crisis, acting Secretary-General on his talks last week in Valletta with Mr. Dom Mintoff, Malta's Premier.

Mr. Kasi, who flew back to Brussels overnight, went straight to the Council meeting, the first of a series on the Malta crisis to be held this week. No details of his discussions with the Maltese leader were given by alliance sources here to-night. But it is understood that Mr. Kasi had instructions to be tough with Mr. Mintoff, who has been in a hard line for £20m. as the price of retaining use of the island's military facilities.

In the meantime British, Continental and Far East shipping lines are going ahead with the new container service between Europe and the Far East which is due to start in January. OCL is also heavily committed to this trade, investing some £77m. in ships and containers and another £44m. in shore and inland facilities at the Southampton terminal port and the Barking clearance depot.

The first OCL ship is due to be launched in Hamburg next month, joining the first Japanese vessels in service in March. Other OCL ships are due to enter service later in March, June and September next year, and in March, 1973.

Three ships to be operated by Associated Container Transportation, the other major U.K. consortium, are due to enter service in August and November next year and in September, 1973.

France may have converted \$470m. into gold

BY ADRIAN DICKS

PARIS, Aug. 8.

FRANCE IS due to pay off to-morrow the remaining \$608.8m. of its outstanding debt to the International Monetary Fund, which it incurred in the aftermath of the devaluation of the franc two years ago this week-end.

According to Press reports here, the repayment includes some \$191m. in gold, which the French authorities have purchased for the purpose from the U.S. Treasury. If this figure—so far unconfirmed—is correct it suggests that the French Government's policy of converting part of its dollar surplus into gold has now resulted in a total of about \$470m.

This would be considerably more than was believed when the latest gold purchase from the U.S. became known last Wednesday, the day when exchange markets all over Europe reacted in panic to the Banque de France's circular aimed at keeping out speculative inflows.

Orthodox position

Officials here stress that for the time being at least there is no question of extending the policy of dollar conversion beyond the needs of repayments to the IMF. Thus France will not be able to present any more of the gold held by the Central Bank without stepping outside this carefully orthodox position—though some commentators here openly suggest it should do so and thus increase pressure on the Americans to put their own hands off the dollar.

For the time being, however, the French Government is giving nothing away about the position. It is likely to take at the IMF annual meeting next month. M. Valéry Giscard d'Estaing, the

French Finance Minister, said in a newspaper interview over the week-end that if circumstances were right France would be ready to contribute to "a better organisation of the international monetary system and, eventually, it would take initiatives in this field." But he added that the moment did not yet seem right.

What the outlines of such an initiative might be is no easier to see than it was a week ago—before the fresh series of measures taken to kill off speculation in a franc revaluation and to insulate the French economy from further heavy dollar inflows.

No coincidence

But in terms of domestic politics the arguments against any action which would have the effect of raising the franc parity are tending to grow stronger and rather weaker.

It seems no coincidence that M. Giscard d'Estaing in the same interview returned to the theme of a "contractual" policy for prices and incomes. He admitted that the Government had been unpleasantly surprised by the rapidity of increases in the first six months of the current year, though he added that to the present period there had been some slowdown.

However, an autumn of strong price and wage tendencies is fairly generally expected. A group of trades union leaders has already protested against the 10-centime increase in Paris public transport fares announced on Friday—the second in less than two years. They have requested a meeting with President Pompidou to-morrow.

U.K.-Irish relations plummet over Derry march decision

BY DOMINICK J. COYLE

DUBLIN, August 8.

Relations between the Dublin and London Governments are now at their lowest point since the round of violence and terrorism erupted in Northern Ireland two years ago and the situation has been further aggravated by the failure, at least until now, to get the Apprentice Boys' parade in Derry on Thursday.

In an exclusive interview with the Financial Times, Dr. P. J. Hillery, Irish Minister for Foreign Affairs, referred to what he called collusion between the British Government and the ruling Unionist Party in the north and said that "Government by parade is a sordid, mean business."

The Government here is now clearly of the opinion that White-

hall is determined to maintain Mr. Brian Faulkner, the Northern Irish Prime Minister, in office whatever the possible cost in community relations there and whatever the risk of a fresh outbreak of violence and death.

In this context, Ministers see the present failure to ban Thursday's parade as being essentially a political rather than a security decision. Dr. Hillery and his Prime Minister, Mr. Jack Lynch, do not accept the expressed view of Mr. Maudling, the British Home Secretary, that a decision on whether or not to permit the Apprentice Boys' parade is a matter for the Stormont Government.

They believe that Whitehall itself has the ultimate responsibility and that Mr. Heath personally

ally has been a party to the decision to allow this parade.

The government in Dublin is apparently convinced, whether from past experience or as a result of even intelligence reports, that a new wave of violence is practically inevitable as a consequence of permitting the Apprentice Boys to march, although it is conceded that blanket troop deployment in Derry on Thursday may well prevent a major confrontation on the streets on the day itself.

It is emphasised, however, that "this most provocative of all northern parades could easily be the spark to set off a real explosion," just as it led to rioting and deaths throughout the north two years ago.

In the meantime British, Continental and Far East shipping lines are going ahead with the new container service between Europe and the Far East which is due to start in January. OCL is also heavily committed to this trade, investing some £77m. in ships and containers and another £44m. in shore and inland facilities at the Southampton terminal port and the Barking clearance depot.

The first OCL ship is due to be launched in Hamburg next month, joining the first Japanese vessels in service in March. Other OCL ships are due to enter service later in March, June and September next year, and in March, 1973.

Three ships to be operated by Associated Container Transportation, the other major U.K. consortium, are due to enter service in August and November next year and in September, 1973.

OCL sees profit on Australia run

BY RAY DAFTER

WHILE dissatisfied with the outcome of the recent Australian freight rate negotiations, the Overseas Containers (OCL) shipping consortium believes it can make a profit in the first time during the next financial year, starting in October.

Sir Andrew Crichton, chairman, said the inadequate increases—and, in the case of important wool cargoes, no increase at all—must inhibit the ability of OCL and other operators to achieve the level of profitability necessary to meet rising costs. (The lines are particularly disappointed about the wool negotiations, which have led to the increase on the freight for wool being confined to 14 per cent over the past four years.) Nevertheless, said Sir Andrew, the consortium was likely to turn its Australian operations from a loss-making position into

some measure of profitability provided there was reasonable industrial peace.

The consortium is particularly concerned at the continuing industrial troubles on the Australian waterfront. Operations at OCL's container berth at Tilbury, London—the centre of a prolonged dispute at the start of the service—are now a matter of some pride, however.

In the past three months records for loading and discharging have been repeatedly broken and the consortium claims that the throughput is the best for any single berth in Europe.

By the end of the present financial year the berth will have handled some 90,000 containers, a figure which is expected to rise to an annual rate of 100,000.

But while the berth in the Australian service are operating at near-full or capacity levels, the British shipping lines in the consortium must be wondering why effort entry into the Common Market will have on the Australian trade. I have heard it reported that the potential loss of containerised cargo, by weight or value, on the northbound voyages could be as much as 40 per cent, although the effect on southbound cargo is expected to be considerably less—if any at all.

It will be several years before a true assessment can be made, but it is found that a substantial proportion of trade is likely to be lost the lines may decide to resurrect the idea of some joint Australian-New Zealand service.

NATO reviews Malta position

By Our Own Correspondent

BRUSSELS, Aug. 8. THE NATO Permanent Council met in emergency session here to-day to discuss the Malta crisis, acting Secretary-General on his talks last week in Valletta with Mr. Dom Mintoff, Malta's Premier.

Mr. Kasi, who flew back to Brussels overnight, went straight to the Council meeting, the first of a series on the Malta crisis to be held this week. No details of his discussions with the Maltese leader were given by alliance sources here to-night. But it is understood that Mr. Kasi had instructions to be tough with Mr. Mintoff, who has been in a hard line for £20m. as the price of retaining use of the island's military facilities.

In the meantime British, Continental and Far East shipping lines are going ahead with the new container service between Europe and the Far East which is due to start in January. OCL is also heavily committed to this trade, investing some £77m. in ships and containers and another £44m. in shore and inland facilities at the Southampton terminal port and the Barking clearance depot.

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CASHMOR for steel

Weather

U.K. TO-DAY

N.W. Scotland: showers. S.E. Scotland: mainly dry with spells. N.W. England, N. Sunny spells, becoming with some rain. Wales, S.W. England: cloudy. E. and S. England: bright spells with temps. near normal to land. Scotland and W. I. Rather warm elsewhere. London S.E. Cen. S.E. England, E. Midlands, E. Dry, cloudy early, but sunny spells later. Wind to moderate. Rather war. 23C (73F).

Channel Isles, S.W. I. Cloudy. Mainly dry with fog. Some bright intervals. Wind moderate. Norm. 19C (66F).

N.W. England, Isle of Man: mainly dry with some rain late W.-S.W. light to moderate. Max. 18C (64F).

N.E. England, E. Scot. Edinburgh: Sunny spells. Mainly dry W. moderate. Norm. 18C (64F).

Rest of Scotland: Scattered showers. Wind W. fresh, strong. Norm. Max. 18C (64F).

Outlook: Some rain or drizzle with normal temps. in the Mainly dry and rather w. S. and E.

BUSINESS CENTRES

	Y-day	Mid-day
Amsterdam	115.40	115.40
Bahran	8.38	100.00
Basel	117.80	117.80
Bombay	117.80	117.80
Buenos Aires	117.80	117.80
Calcutta	117.80	117.80
Canton	117.80	117.80
Cebu	117.80	117.80
Hankow	117.80	117.80
Hong Kong	117.80	117.80
Kobe	117.80	117.80
London	117.80	117.80
Lyons	117.80	117.80
Manila	117.80	117.80
Medan	117.80	117.80
Shanghai	117.80	117.80
Singapore	117.80	117.80
Sourabaya	117.80	117.80
Tientsin	117.80	117.80
Yokohama	117.80	117.80

HOLIDAY RESORTS

Algeria	20.86	20.86
Alexandria	20.86	20.86
Algiers	20.86	20.86
Antwerp	20.86	20.86
Batavia	20.86	20.86
Bombay	20.86	20.86
Buenos Aires	20.86	20.86
Calcutta	20.86	20.86
Canton	20.86	20.86
Cebu	20.86	20.86
Hankow	20.86	20.86
Hong Kong	20.86	20.86
Kobe	20.86	20.86
London	20.86	20.86
Lyons	20.86	20.86
Manila	20.86	20.86
Medan	20.86	20.86
Shanghai	20.86	20.86
Singapore	20.86	20.86
Sourabaya	20.86	20.86
Tientsin	20.86	20.86
Yokohama	20.86	20.86

Prof. Buchanan named "Man of the Year"

PLANNING expert Prof. Buchanan has been named "Man of the Year" for 1971 by International Road Federation representing road interests in countries.

LMI

Record Profits—Increased Dividend

Sustained Growth Prospects

Year ended 31st March	1967	1968	1969	1970	1971
	£000	£000	£000	£000	£000
Turnover	4,860	7,108	7,615	9,684	9,890
Group Profit before Tax	192	475	395	811	926
Return on Capital Employed	9.0%	20.5%	18.2%	31.3%	31.7%
Ordinary Dividend	13.75%	13.75%	14.25%	17.5%	20%
Net Earnings after Tax per 25p share	1.8p	4.3p	4.0p	8.7p	11.2p